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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
Weekend July 16/July 17 1988

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WORLD NEWS

Anti-aircraft gun found by Irish police

A heavy-calibre Russian anti-aircraft machine gun capable of shooting down a helicopter two miles away was yesterday found in undergrowth in County Laois, 70 miles from Dublin, during a police hunt for IRA arms.

Helicopter ditched in sea

Sixteen passengers and two crewmen were rescued after a helicopter made a controlled landing in the North Sea, 70 miles off the Norwegian coast, after developing rotor problems.

Call for Mandela release

Foreign Secretary Sir Geoffrey Howe, West German Chancellor Helmut Kohl and Australian Premier Bob Hawke called on the South African Government to release black leader Nelson Mandela, who celebrates his 70th birthday on Monday, in Johannesburg. Mrs Winnie Mandela rejected privileged treatment by cancelling a special visit to her husband. Canceled party, Page 2

Flight delays warning

Industrial action by foreign air traffic controllers is likely to continue to cause long delays at airports this weekend. Page 4

Soviet tax plans rebuffed

Soviet ministers rejected plans to impose tough taxes on the emerging private sector. Back Page

Protests flare in Yerevan

Protests were reported in Yerevan, capital of Soviet Armenia, and flights from the airport were disrupted after a documentary portrayed nationalist demonstrators as hoodlums. Page 2

20 die in Kabul attack

Rebels fired missiles at Afghanistans capital Kabul, killing 20 people and wounding 54. Soviet news agency Tass said. Page 2

Israel closes schools

Israel ordered the closure of all 1,200 schools in the occupied West Bank next week in an attempt to curb Palestinian student protests.

Police in bomb alert

Bomb disposal experts were called in after a package attached to a car parked near a police station in Walsall, West Midlands, "partially exploded." There were no casualties.

McAvoy to lead teachers

Doug McAvoy, 49, is to succeed Fred Jarvis as general secretary of the National Union of Teachers on his retirement in September next year. Page 5

US naval crew rescued

Three US naval crew, missing since their twin-engine aircraft crashed into the South China Sea on Tuesday, were rescued by a Vietnamese ship.

Better weather

Bookmaker William Hill is offering odds of 5/1 against predicting the next 48-hour dry spell in London. The last one was June 23 and 24.

BUSINESS SUMMARY

Courtaulds sells South African arm

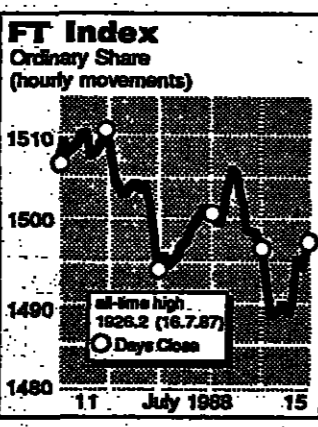
COURTAULDS, UK chemicals, textiles and fibres group, is raising £207m cash from the sale of its South African and Swazi woodpulp interests to a consortium led by Sappi, South Africa's largest pulp and paper group. Courtaulds said the sale was for commercial reasons. Back Page

INTERNATIONAL BUSINESS

Machines, world's largest computer manufacturer, reported a \$100m (80m) rise in second-quarter net earnings to \$1.3bn following introduction of new product lines and moves to cut costs. Page 10

FT Ordinary Share Index closed

0.8 up at 1,497.5 as leading shares rallied from early falls in a favourable response to the announcement of a deficit of \$10.95bn (8.5bn) on US trade in May as well as to the latest UK Retail Prices Index.



This week has seen the index fall 10.8, with signs of renewed concern over domestic interest rates. Yesterday's rally included technical bear-covering ahead of the close of the trading account.

BOND

Corporation Holdings, Australian brewing and media concern, gained approval to increase its stake in Robert Holmes & Court's Bell Group. Page 10

YALF AND VALOR, UK, locks

and household appliances group, was forced by a dispute involving a company director to postpone its annual general meeting for July 19. The meeting was held for July 26. Back Page 8

UK Department of Trade and Industry

has moved to wind up London-based investment business Reid Services, on grounds of insolvency. Page 3

CABLE & WIRELESS chairman

and chief executive Sir Eric Sharp had his pay cut by 20 per cent last year to £208,000, according to the international telecommunications company's annual report. Page 8

LIT HOLDINGS, UK futures

and options brokerage group, announced pre-tax annual profits of £3.5m against £2m on income up from £4.2m to £5.1m following last October's stock market crash. Page 8

HONG KONG Stock Exchange's

former chief executive Jeffrey Sun was charged in the territory's central court on three counts of accepting shares as an inducement to support the public flotations of two local electronics groups. Page 2

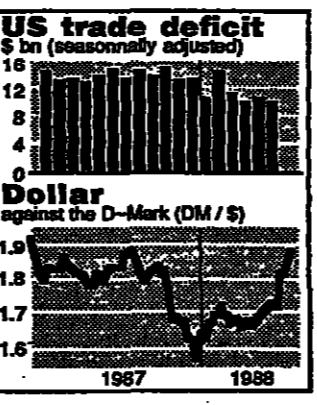
BAT Industries: US insurance

regulators in Oregon said in a ruling refusing permission for the tobacco-based multinational to buy Farmers Group, Los Angeles-based insurer, that they had grave doubts about BAT's ability to manage Farmers without damaging policyholders. Back Page 5

Improved trade figures boost dollar but fears of overheating remain

BY ANTHONY HARRIS IN WASHINGTON, JANET BUSH IN NEW YORK AND RALPH ATKINS

THE US DOLLAR rose strongly on foreign exchange markets yesterday in response to better-than-expected US trade figures which showed the seasonally adjusted deficit up by \$627m (\$277m) in May to \$10.9bn.



The current drought, thought to be the worst in US history. The price of food materials for processing jumped by 6.5 per cent in the month and the price of consumer goods by 1.1 per cent. However, these increases were generally expected.

The dollar surge prompted widespread central bank sales of dollars to brake the currency's rise. But because figures for producer prices and industrial output, also published yesterday, did little to remove fears of possible overheating in the US economy, stock and bond markets did not respond to the dollar's strength.

The US trade gap, which was slightly narrower than market forecasts averaging \$11.5bn, showed continued strong growth of exports and some slowing of imports, especially of cars. However, the increase in the deficit from April's figure was almost entirely due to a reduction in stockpiling of gold bullion purchased from the US, mainly by Taiwan.

The Fed intervened steadily to contain the dollar's rise. The Fed's intervention was aimed at slowing the dollar's rise in the US economy showed up in a \$1bn rise in imports of industrial supplies and materials, and a \$450m fall in exports in the same categories.

Inflation jump increases pressure on base rates

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

PRESSURE ON the Government to allow a further rise in the cost of borrowing grew yesterday in response to news of a jump in Britain's inflation rate last month and a sharp fall in the pound's value against a surging dollar.

On the London money markets interest rates rose to a level which signalled a rise in base rates from the present 10 per cent to at least 10.5 per cent.

The Bank of England, however, resisted pressure for an immediate rise in bank base rates and the Treasury gave no clues as to its likely strategy next week.

Mr Norman Fowler, the Employment Secretary said yesterday, however, that the Government had made it clear that it was not prepared to take risks with inflation and had already raised interest rates.

A possible further rise in base rates to cool the pace of spending and borrowing has been suggested in the Government, but a final decision rests with Mr Nigel Lawson, the Chancellor. Retail

price inflation is now at its highest level for 2½ years but cost pressures in manufacturing industry are being tempered by rapid growth in productivity.

It's not cricket say bat makers

By Peter Montague, World Trade Editor

AFTER POLISH golf carts and Austrian skiis, English cricket bats have joined the list of sporting equipment of which international trade disputes are made.

The Department of Trade and Industry said yesterday that the UK industry had prompted it to raise the subject of unfair trade in cricket bats in multilateral trade liberalisation talks under way in the General Agreement on Tariffs and Trade in Geneva.

British bat manufacturers are worried by competition from India and Pakistan which, they say, are using their status as developing countries to keep out imports of British bats while undercutting British producers in third country markets such as Australia and New Zealand.

Mr Stanley Lowy, chief executive of Gunn & Moore, one of the leading manufacturers, said the industry faced a shake-out unless its problems were addressed. "We regard it as grossly unfair competition."

Though small in volume terms - the UK trade deficit in cricket bats amounts to only £104,000 on exports of £1.4m - trade in

cricket bats is beset by restrictions that represent a microcosm of the international trading system. These include tariff barriers reaching 150 per cent in the case of India, and regulatory curbs. They have been compounded by fears of a shortage of willow brought on by the spread of a blight called asterisck which destroys the trees and has already attacked plantations in Holland.

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Fringe investment: The clean-up starts to gather pace; Ignorance, gullibility, insecurity or greed 7

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BAe shares rise after agreement on Rover deal

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

BRITISH AEROSPACE shares rose strongly yesterday as trading was resumed following the two-day suspension caused by the confusion over the company's proposed takeover of Rover Group.

The City reacted favourably not only to BAE's agreement to proceed with the takeover but also to the growing awareness that BAE stands to win a major share of the record UK arms deal with Saudi Arabia announced last week.

BAe is the prime contractor for the arms deal, which it is understood could be worth more than £200m up to the turn of the century, of which the aerospace group could account for more than £100m.

As trading resumed, BAE shares dropped from 47½, at which they were suspended, to 45½ before climbing quickly to close at 49½.

Kleinwort quits as water sale adviser

BY RICHARD EVANS

KLEINWORT Benson, the merchant bank, has thrown the water industry into confusion by withdrawing as adviser to the Water Authorities Association on privatisation because of a conflict of interest.

The withdrawal follows Kleinwort's agreement to advise the Government on the sale of the electricity supply industry. The two privatisation bills will be going through Parliament in tandem in the next session, and the bank decided it could not advise on both.

The surprise decision comes at an awkward time both for the WAA, which represents all 10 authorities in England and Wales, and for the Department of the Environment.

The WAA is now seeking a fresh adviser and Kleinwort has said it will assist in the interim period. The bank remains as adviser on privatisation to both the Northumbrian and Yorkshire water authorities.

The difficulty for both the N Ireland electricity, Back Page

MARKETS

DOLLAR

New York lunchtime: DM 1.877, FRF 6.326, SF 1.5545, Y135.3

London: DM 1.876 (1.947), FRF 6.325 (6.325), SF 1.5545 (1.5815), Y135.25 (135.15)

Dollar Index 98.4 (98.1)

Tokyo close: Y133.4

STERLING

New York lunchtime \$1.6615

London: \$1.6635 (1.6865)

DM 3.12 (same)

FRF 10.52 (10.53)

SFR 2.585 (2.5875)

Y225.0 (same)

Sterling Index 74.6 (75.1)

LONDON MONEY

3-month interbank closing rate 10¼% (10¼)

NORTH SEA OIL

Brent 15-day August (Argus) \$14.225 (14.05)

STOCK INDICES

FTSE 100 1,661.5 (-1.8)

FTSE 100 1,497.5 (+0.8)

FT-A All Share 968.55 (-0.1)

FT-A long gilt yield index: High coupon: 9.53 (9.49)

New York lunchtime: DJ Ind Av 2,107.88 (-5.69)

Tokyo: Nikkei 27,913.79 (-170.28)

US LUNCHTIME RATES

Fed Funds 7¼%

3-month Treasury Bill: yield: 6.92%

Long Bond: 9½% yield: 9.16%

GOLD

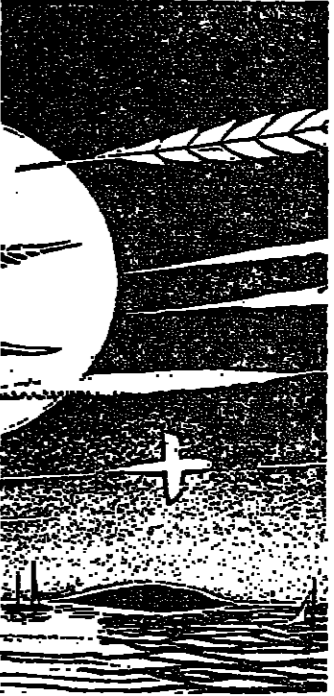
New York: COMEX August: \$441.3 (489.8)

London: \$438.25 (440.0)

Chief price changes continuing. Back Page

Austria: 2.22; Belgium: 2.22; Denmark: 2.22; France: 2.22; Germany: 2.22; Greece: 2.22; Hong Kong: 2.22; India: 2.22; Italy: 2.22; Japan: 2.22; Korea: 2.22; Luxembourg: 2.22; Malaysia: 2.22; Mexico: 2.22; Netherlands: 2.22; Norway: 2.22; Philippines: 2.22; Portugal: 2.22; Singapore: 2.22; Spain: 2.22; Sweden: 2.22; Switzerland: 2.22; Taiwan: 2.22; Thailand: 2.22; UK: 2.22; USA: 2.22; Venezuela: 2.22.

WEEKEND FT



BAD TRIP IN PARADISE

The Bahamas' image is being undermined by drugs-related crime and corruption. Report by Robert Graham. Page I

FINANCE

The FT Readers' Race. Page V

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PROPERTY

When a dream home becomes a nightmare. Pages X, XIII

TRAVEL

Merrie England: Roger Beard. Page VIII

DIVERSIONS

Academic tenure: report by Christian Tyler. Gardening, Fishing, How To Spend It, Food For Thought, Wine Books, Saleroom and Nigel Andrews on the New Hollywood. Pages XVI - XVIII

SPORT

Ben Wright at the Open, and Michael Thompson-Noel on the big soccer row. Page XX

The Gartmore Income Fund has, over the medium and long term, not only provided a competitive and rising income, but also spectacular capital growth. Indeed, should your requirement only be for capital growth you could choose to reinvest your income.

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Who says our Income Fund is just for income?

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Year	Annual Net Income	Value of original investment
Year 1	£ 51.19	£1005
Year 2	£ 56.52	£1038
Year 3	£ 60.97	£1077
Year 4	£ 67.32	£1160
Year 5	£ 70.24	£1259
Year 6	£ 75.05	£1372
Year 7	£ 80.33	£2433
Year 8	£ 87.05	£2892
Year 9	£136.17	£2214
Year 10	£165.49	£2271
Total Net Income Paid	£860.33	

Base offer to bid.

OVERSEAS NEWS

Last gasp for the embattled American smoker

BIG TOBACCO is hitting back. Hemmed in by bans on public smoking and stung by a recent court setback for the tobacco industry, Philip Morris is going on the offensive.

James Buchan reports on how the tobacco industry has gone on the offensive

families turn on 38m TVs, 750,000 CD players and 23m VCRs," says one ad. Another warns Detroit that American smokers own "enough cars to stretch bumper-to-bumper round the world four times".

clear they are not. "The second aim is to convince private and public-sector decision makers that they ignore smokers at their peril. If you ignore them, you miss out on an awesome economic power."

Mr Guy Smith, a Philip Morris vice-president, says the campaign has two main aims. "We want to make smokers aware they are part of an enormous group of people with great achievements. Smokers never thought of themselves as an interest group, because they were everybody: rich, poor, black, white. Now some of the more extreme anti-smoking crusaders are portraying them as enemies of the citizens and pariahs. We want to make

Mr Philip Dorf, an executive vice-president at Robert Marston Associates, a New York public relations agency, told Advertising Age: "To even suggest that smokers constitute a market, except for tobacco products, is really stretching the definition of a market."

to turn up for the planned concert tomorrow. Now, instead of listening to top bands such as Spho Hototchkas Mahua, Yvonne Chaka Chaka and the African Jazz Players, people are expected to celebrate at special church services and in their homes.



EC set to sell beef and butter to Moscow

THE European Community is understood to be poised to sell much of its surplus beef and butter stocks to the Soviet Union.

Former HK stock market chief on corruption charge

MR JEFFREY SUN, former chief executive of Hong Kong's stock exchange, was yesterday charged in the territory's central court on three counts of accepting shares as an inducement to support the public floatations of two local electronics groups.

tronic products, at the time of its flotation in January last year "as an inducement to or reward for showing favour to the approval of the new issue".

securities industry. A comprehensive report by Mr Ian Hay Davidson on the weaknesses of the securities industry, published six weeks ago, said that Mr Li and other exchange committee members had been "an inside group that treated the exchange as a private club".

UN seeks to mollify Iran on Airbus tragedy

MEMBERS of the United Nations Security Council yesterday renewed efforts to draft a resolution on the Iranian Airbus tragedy, searching for a form of words that would not send Iran away empty-handed but would also avoid a US veto.

Mandela reunion rejected as Pretoria cancels birthday party

MRS Winnie Mandela, wife of the jailed African National Congress leader Mr Nelson Mandela, last night reacted to a government ban on a weekend Mandela birthday concert by rejecting Pretoria's offer of a six-hour family reunion in Pollsmoor prison.

leader in prison and is one of a minority of cabinet members who are believed to support his release.

Meanwhile, many local newspapers published birthday greetings paid for by supporters at home and abroad and the Catholic weekly New Nation published a front-page cartoon of a shadowy figure behind bars with the simple caption "Happy birthday".

Japan to raise defence spending

THE Japanese Government yesterday approved preliminary plans to raise defence spending by 8.1 per cent next year, more than double the proposed increase in the overall budget.

The proposed increases reflect the growing importance Japan attaches to its influence in international affairs. The Government is committed to a five-year plan to build up Japan's defence forces - a scheme which has aroused some concern in neighbouring countries because of Japan's Second World War conquests.

Japan is spending ¥3,700bn (¥16.5bn) on defence in the financial year which began in March - 5.3 per cent more than last year.

Industrial output falls by 2.3%

JAPAN'S industrial output fell in May by more than originally estimated, confirming that the pace of economic growth is slowing, Stefan Wagstyl reports.

Diet session called to settle tax reform row

JAPAN'S cabinet ministers agreed to convene an extraordinary session of the Diet (parliament) next Tuesday aimed at settling Japan's long-running row over tax reform.

Afghan rebel attack kills 20 in Kabul

AFGHAN rebels are reported to have killed more than 20 people in Kabul in the biggest attack since the Soviet withdrawal began.

World leaders' messages to Holocaust conference

FIVE heads of government or state, including US President Ronald Reagan, Mrs Margaret Thatcher of Britain, President François Mitterrand of France and Chancellor Helmut Kohl of West Germany yesterday sent special messages to a conference in London appealing to future generations not to forget the lessons of the Holocaust.

Fresh protests flare in Yerevan

NEW protests were reported yesterday from Yerevan, the strike capital of Soviet Armenia, and flights from the airport were disrupted after a Soviet-led nationalist documentary portrayed nationalist demonstrators as hooligans.

Warsaw Pact to discuss arms cuts

LEADERS of the seven Warsaw Pact countries yesterday started a two-day meeting in the Polish capital to discuss earlier Soviet proposals aimed at achieving conventional arms reductions in Europe.

Inter-German flights planned

THE FIRST scheduled air service between the two Germanys since 1945 is to be launched by Lufthansa, the West German airline, and Interflug of East Germany.

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Britain to seek changes in basic Hong Kong law

By TOM LYNCH

BRITAIN will press for changes in China's draft of the basic law proposed for Hong Kong after it returns to Chinese sovereignty in 1997, Sir Geoffrey Howe, the Foreign Secretary, indicated in the Commons yesterday.

Opening a five-hour debate about the colony, he said there appeared to be "good reason for anxiety" over the sections of the draft on the economy, which "seem to encroach" on the autonomy of Hong Kong. In addition, there was "understandable concern" about how guarantees of rights and freedoms would work in practice.

Sir Geoffrey also acknowledged concern over the "crucial and sensitive area" of relationships between Hong Kong and the National People's Congress in Peking, and Mr. Tim Eggar, a junior Foreign Office minister, hinted at "considerable revision" of one of the draft articles in that area.

Referring to the five-month public consultation on the draft, which ends in September, Sir Geoffrey said: "The way in which this matter is handled will have a major effect on confidence in Hong Kong and on how Hong Kong people view their future."

He added: "It is firmly in China's interests to get the basic law right, in order to maintain confidence in Hong Kong and secure its future beyond 1997."

He acknowledged that there was a problem over professional and middle-class emigration, but argued that emigration had always been a feature of the colony's life and fewer people were leaving now than in the 1970s.

From the Labour frontbench, Mr. George Foulkes said China had made clear that the draft basic law could be changed, especially where a consensus emerged within Hong Kong.

He called for amendments to ensure "the unfettered application of all the human rights principles set out in international covenants and currently applicable in Hong Kong."

Mr. Gerald Kaufman, the shadow Foreign Secretary, said China's four alternative proposals for the legislative council envisaged at least 25 per cent and at most 50 per cent of directly elected members. He contrasted these proposals with British "timidity" in suggesting 18 per cent for the 1985 elections.

During the debate, Conservative backbenchers pressed the Government to insist on changes to the draft basic law. Mr. Richard Alexander (C, Newark) said the letter and spirit of the 1984 Sino-British declaration should be adhered to.

"If it is not - and there is some evidence that it is not - we should insist that it should be effectively amended so that it does include civil liberties and gives a clear measure of devolution."

Colina Macdonald writes: Representatives of the Hong Kong Bar Association, the Law Society and of other professions in the territory said they were satisfied that yesterday's debate raised the important issues in Hong Kong's draft Basic Law. They hoped that the British Government would now raise these with the Chinese Government.

DTI seeks to wind up investment business

By Nick Barker

WHITEHALL officials have moved in to wind up another small investment business, Reid Services, on the grounds that it is insolvent and that its accounts fail to comply with the Companies Act.

Reid, with a registered office at Ames House, Duke of York Street, London, has about 800 clients, the Department of Trade and Industry said yesterday.

Reid ran an insurance consultancy in Weymouth from 1983, the DTI said, and a much larger securities dealing business in Bristol from June 1987 to March 1988, when it ceased trading.

Officials were unwilling yesterday to release details of their reasons for seeking a winding-up petition, because they say the matter is sub judice pending a High Court hearing of the petition on October 12.

The DTI did say that it was taking the action under Section 72 of the Financial Services Act, which permits it to seek a winding-up order of an investment business if the business cannot pay its debts or the court feels it is "just and equitable" that the business should be wound up.

The court has appointed the Official Receiver as provisional liquidator.

Michael Cassell on the victors and losers in Thursday's by-election Searching for the winning angle

"KINNOCK in shock defeat" ran the Sun's front page headline yesterday, followed by a story claiming that Labour's failure to win the Kensington by-election in London had sent the party's leader into hiding during his tour of darkest Africa.

However, the Daily Mail, not best known for its Labour sympathies, described the Tory victory by just 815 votes as a "major boost" for the opposition and for Mr. Kinnock. The stridently supportive Daily Mirror said only that the result provided cause for some Labour satisfaction.

The reality is that most political pundits had mistakenly predicted an easy victory for Mr. Dudley Fishburn, the Tory candidate. As a result, the eventual, water-tight, majority looked like a setback for supporters of a party expecting a comfortable win and like some sort of advance for an opponent resigned to heavy defeat.

The role of the press during an unexciting, low-key campaign was in itself an issue. Within minutes of the result being known, Mr. Fishburn was denying his journalistic roots and claiming people should not believe everything they read in the newspapers.

Mrs. Ann Holmes, for Labour, claimed victory was snatched from her by a press which failed to give the contest appropriate coverage. This view was echoed by Mr. Roy Hattersley, Labour's revitalised deputy leader, who insisted Labour would have won but for lack of interest by the media.

In the final reckoning, it is the political parties which must accept the responsibility for their respective performances and there are messages for all of them in the outcome of the country's first parliamentary contest since last year's general election. The Tories, as predicted, held a seat which has been in their



Dudley Fishburn: denied his journalistic roots

hands since the constituency was formed in 1974. Despite the 5.4 per cent swing to Labour, the fall in the Tory share of the vote was the smallest at any by-election since 1982.

There was, however, no ringing endorsement of current controversial policies which Central Office might have expected.

The evidence suggests that the party lost up to 1,000 votes because loyal supporters were away on holiday and, much more interestingly, canvassing returns suggest that some traditional Tory voters were alienated by the impact of the recently-implemented benefit changes.

Labour should have had a good chance of victory, if its own evaluation of the Government's current lack of popularity is to be believed. It had the best candidate in Mrs. Holmes, a good local organisation and several issues - like education, health and the community charge - into which it could sink its teeth.

But the final result was not, as Mr. Hattersley attempted to portray it, in any sense "excellent," unless, as Mr. Cecil Parkinson, the Energy Secretary, unkindly put it, Labour's ambition is to keep coming a good second.

The outcome will provide some encouragement for the Labour leadership, but yesterday's enthusiastic remarks were as much a measure of its surprise at not having been beaten as soundly as it had expected.

Mr. Kinnock, far from having stolen off into the African bush, was quick to lay some of the blame on the party's recent, well-publicised internal problems. Another 816 votes would have handed Mr. Kinnock a valuable propaganda victory which might have radically altered the climate in which the leadership campaign and policy review would have been completed.

For the Social and Liberal Democrats and the Owenite Social Democratic Party, yesterday was a morning for brave words and bold predictions.

The Democrats, in coming third with 11 per cent of the vote, could take comfort from easily seeing off the SDP, which clung on to its deposit and fourth place by commanding just 5 per cent of the votes cast.

Together, the two parties' total share of the vote almost reached the Alliance figure achieved at the general election; divided, the result offers little consolation to former political partners.

Some candidates clearly found the campaign more fun than others. Mrs. Cynthia Payne, best known for her acceptance of luncheon vouchers in return for a range of popular social services, said she had enjoyed it as much as her notorious trial.

Politics, she warned, had proved far dirtier than anything in which she had been engaged. Mrs. Payne is likely to be remembered long after the by-election.

Art world turns down a Turner at Christie's

By Antony Thornton

A PAINTING by J.M.W. Turner, Cicero at his Villa, failed to raise a bid at Christie's auction room in London yesterday and was withdrawn.

There had been a cautious estimate of more than £5m placed on what was considered one of the finest Turners still in private hands, but pre-sale speculation pushed the likely price to £12m.

The painting, offered for sale by Evelyn de Rothschild, had no obvious flaws, but British art galleries are well-stocked with Turners and the likely price was way above their budgets. Overseas buyers are apparently reluctant to add a Turner to their collections.

Christie's said that the failure of the Turner did not reflect the general state of the art market. Other paintings in its auction of British pictures did well, notably Two leopards playing by Swiss-born Jacques-Laurent Agasse which went for £3.85m, a record for the artist, probably to an American buyer.

A sporting picture by John Frederick Herring Sr, Preparing to start the Doncaster Gold Cup, 1825, fetched £440,000, a record price for a picture by the artist sold at auction.

Labour to seek check on tax amendment attempts

By TOM LYNCH

LABOUR is to seek changes in the procedure for submitting amendments to future finance bills after what it described yesterday as abuse of parliamentary procedure by Conservative backbenchers in trying to introduce tax breaks for vested interests into the latest bill.

Mr. Nick Brown, a Labour Treasury spokesman, said each of 15 amendments to the Finance Bill "contains a major tax scam which would not advantage the population as a whole, but would make a major concession to very small vested interest groups."

The total cost of passing the amendments - none of which was accepted by the Government - would have been £1bn a year, he said.

Mr. Brown is writing this weekend to the Commons Procedure Committee calling for each amendment to be accompanied by a statement of any relevant personal interest by the MP or MPs proposing it and by a list of

the people or organisations who drafted it, helped with the drafting or lobbied for it.

He said: "Many members are using House of Commons procedures as a vehicle for trawling interests that have more to do with the particular companies with which they are associated than with the proper business of parliament."

Mr. Brown suggested that a committee of MPs should be set up to examine amendments proposed by an MP, who would be liable for the amendment knowing it had no hope of success, then put the best possible gloss on the reply given by the minister in rejecting it.

Mr. Brown distributed to Westminster journalists a list of 15 sample amendments debated during the committee and report stages of the Finance (No. 2) Bill, which implements the Budget and ended its parliamentary stages on Thursday.

Revenue gives assurance on car phone tax policy

By RICHARD DONKIN

THE Inland Revenue has assured companies that have reached local agreements over a controversial tax on car telephones that they will be reimbursed if they are out of pocket when a national policy is decided.

It was becoming clear yesterday that some companies have given in to what they feel are unfair demands.

Mr. Anthony Guter, financial controller at Mastertronic, a City-based computer software company, said his company had agreed reluctantly, after a year of negotiations, to accede to the Revenue's insistence that car telephones should be treated as a taxable perk.

He said: "The local tax office took the view right from the start that the car phone was a benefit in kind and treated it as though it was a company-provided home telephone."

This meant that the entire cost of Mastertronic's car phones - between £500 and £800 each for

the annual lease - could be taxed as part of an employee's income.

Alternatively, if the telephone had been bought outright, the tax would be levied on 20 per cent of the purchase price.

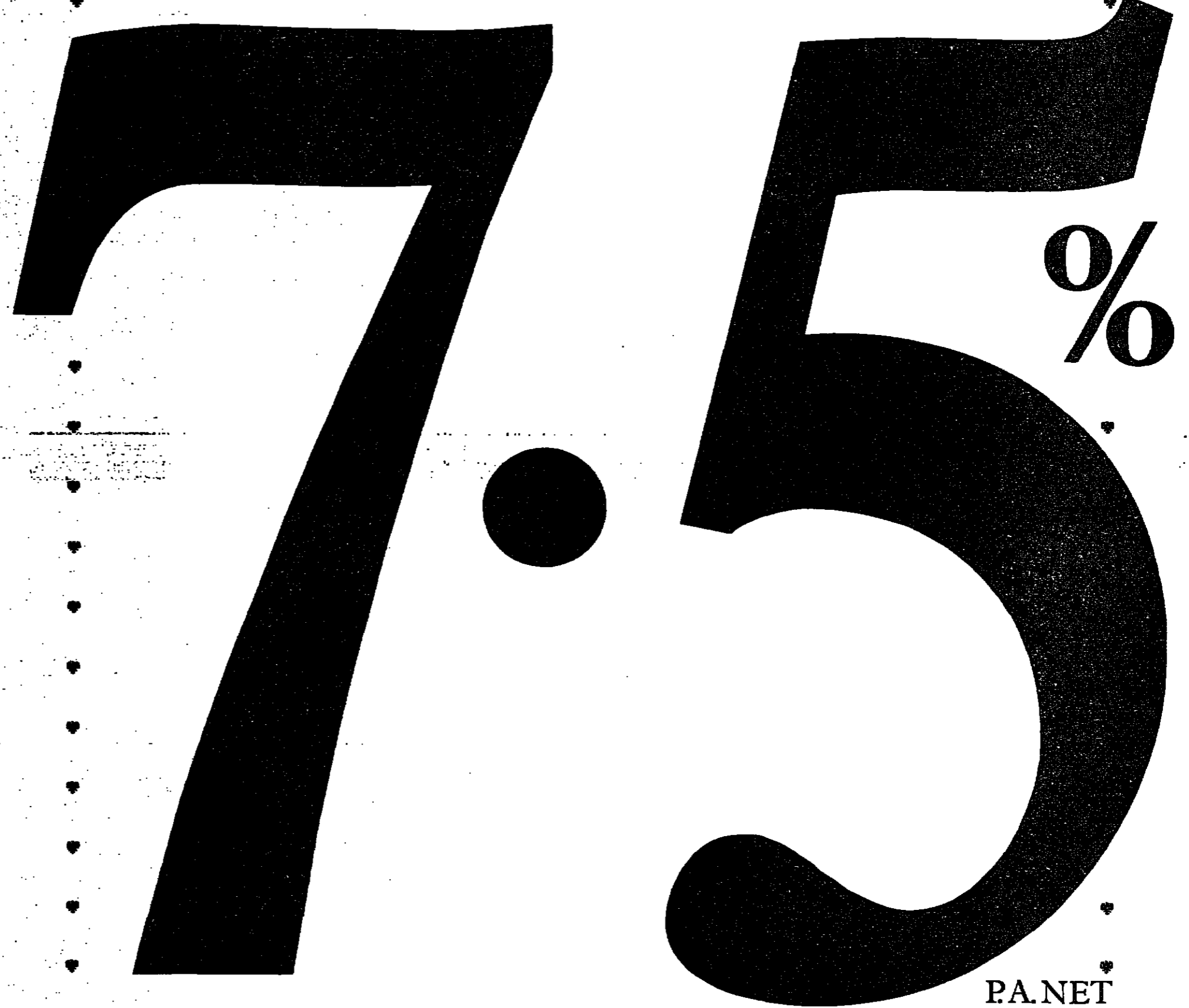
A decision to accept 30 per cent of calls as business only, leaving 10 per cent taxable was described by Mr. Guter as fair.

"What I do take issue with is that the cost of the telephones themselves should be regarded as a benefit in kind."

"They are an essential item for my workforce and as important as the telephones on their desk," he said.

Mr. Guter said the company would be paying the tax itself to alleviate the burden on its six sales staff who use car telephones.

The Inland Revenue said yesterday that any local interpretations of the tax at variance with the final policy at national level would be ironed out afterwards.



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UK NEWS

Government aims to reverse Lords education defeats

By Peter Riddell, Political Editor

THE Government will next week seek to overturn in the House of Commons most of the main defeats it has suffered recently in the Lords on the Education Reform Bill.

This covers the opting-out of schools from local authority control, the funding of universities, and the education of British children in other European countries.

The Labour Party has protested strongly at 569 Lords amendments being debated in roughly 11 hours next Monday and Tuesday, and has argued that ministers are seeking a substantial extension of Whitehall power.

This was before the Government yesterday tabled most of its responses to the Lords amendments.

Ministers are confident of securing comfortable Commons majorities for their proposals.

They want to ensure Lords approval for such changes to avoid lengthy to-ing and fro-ing between the two Houses, so that the bill becomes law before the start of the summer parliamentary recess on July 29.

Consequently, on the creation of grant-maintained schools through opting-out from council control, the Government has offered a limited face-saving compromise in the hope of winning support in the Lords.

The bill originally proposed that opting-out could go ahead on the basis of a simple majority of the local Education Authorities, regardless of turnout.

Against the Government's wishes the Lords changed this requirement to the higher hurdle of a majority of all parents at the school being in favour, not just those voting.

Mr Kenneth Baker, the Education Secretary, yesterday defended "the well understood procedure of a simple majority."

However, to meet the concern of small groups of parents could seek to determine the future of a school without the consequences being fully appreciated by all parents" a new dual-ballot arrangement is being introduced.

Consequently, if 50 per cent or more of the registered parents at a school vote on the first ballot then, whatever the result, a second vote will not be necessary.

However, if less than 50 per cent of parents vote in the first ballot, then a second ballot will have to be held within 14 days, and this will be conclusive irrespective of the turnout.

The change will mean that on the first ballot, it will be possible for just over 25 per cent of parents voting in favour of opting-out to trigger the application of the bill.

Similarly, the Government is proposing to reverse the effect of Lords amendments on the powers of the Universities Funding Council, returning to the original proposal to introduce an element of specific contracts in the financing of research work.

The Government is also seeking to reverse a defeat inflicted by Baroness Young, a former Tory Cabinet minister, requiring the Government to provide assistance to British children temporarily living and at school elsewhere in the EC.

Ministers believe there are considerable practical difficulties in the Lords amendment which cannot be tackled in this bill.

Consequently, they will propose to look at the issue further.

School attainment targets trial announced by Baker

By Alan Pike, Social Affairs Correspondent

EXPERIMENTAL school assessments before the introduction of the Government's proposed national curriculum were announced yesterday by Mr Kenneth Baker, the Education Secretary.

Children who were five in the autumn of next year would be assessed in 1991 when they were seven, he told the Conservative Local Education Authorities conference in Croydon.

Those entering secondary school next year would be assessed in 1992 at the age of 14.

However, Mr Baker said these assessments would be experimental and the results would not be communicated to parents.

It is envisaged that the full system would begin the following year.

The Government would introduce attainment targets - setting out what children will be expected to achieve by particular ages - for the core subjects of English, Mathematics and Science for seven to eight-year-olds for use in September 1990.

He told the conference that local government would continue to have a crucial role in education under the reforms, but it would be more as a watchdog than as a voice of parents and employers would be heard more and local authorities would have to recognise that there would be a "much greater desire for less interference in many matters of detail."

Some teachers, said Mr Baker, had been making too heavy demands on pupils in the course work elements of the new GCSE examinations.

Examination boards must ensure through the appeal procedures that the first groups taking the examinations this year were treated fairly.

Nuclear canister tests 'show little plutonium'

By David Fishlock, Science Editor

INITIAL TESTS on a fuel canister found at a nuclear waste site at Drigg, Cumbria, suggest that it may contain only a gram or two of plutonium instead of the kilogram it was first thought to contain, British Nuclear Fuels announced yesterday.

If so, it is unlikely that its presence at Drigg - believed to date from the early 1970s - was in breach of the limits on plutonium waste disposal at the site.

The Government has announced that investigations into how the nuclear fuel came to be dumped at Drigg are to be made jointly by the Health and Safety Executive and Environment Department's pollution inspectors.

BNFL has set up its own internal board of inquiry, although it is not yet confirmed that the inch unopened canister originated from the company.

Plutonium and uranium are both heavy metals of similar density and it is likely that the fuel in the canister is almost wholly uranium, a naturally occurring and very slightly radioactive substance.

Tests yesterday were made with gamma and neutron beams through the walls of the canister.

Airports braced for a weekend of delays

By Michael Dome, Aerospace Correspondent

INDUSTRIAL action by air traffic controllers overseas is likely to continue to cause big delays at airports and misery for thousands of passengers this weekend and possibly into next week.

Greek air traffic controllers have officially ended their industrial action, but they are still restricting the number of aircraft movements through their airspace. This, together with the aftermath of the delays and uncertainty about threatened action by French and Spanish air traffic controllers will cause further hold-ups this weekend.

The view prevailing among UK and Continental airlines yesterday was that there is now a "domino effect" among the industrial attitudes of the European air traffic controllers, with unions in different countries exploiting the dislocation to press for more pay or better conditions, or both.

"There can be no other explanation," one airline commented. "They (the unions) see what damage they have done, and others follow suit. The passengers count for nothing, and we have to pick up the bills."

These bills already run into millions of pounds in the UK alone and will rise further if delays continue through the summer peak period.

The disputes are distorting the underlying problem of how to cope with rapid traffic growth and the consequent need to improve the European air traffic control system.

BAA, which runs the main airports in the south-east of England; Heathrow and Gatwick, remains confident that there will be enough capacity to cope with the growth in traffic until the mid to late 1990s. But the Civil Aviation Authority believes that peak period delays must be expected for some time.

The authority is committed to spending up to £600m on equipment by the mid-1990s, but it said yesterday: "New systems can't be bought off the shelf; they have to be specially developed. The problem will arise in the autumn, but we expect delays during the summer for years to come."

Britain's package tour operators were yesterday counting the cost of the air traffic delays, writes David Churchill.

Thomson Holidays, the largest tour operator, which has sold about 2m package holidays this summer, said yesterday that the delays had so far cost it about £1m.

In the last four days it has provided about 4,500 hotel beds for holidaymakers who have been stranded at UK airports as well as providing about 40,000 meal vouchers.

Thomson has also paid out about £100,000 in compensation to holidaymakers.

Horizon, the third largest tour operator, said yesterday that the delays were costing it up to £75,000 a night.

But Redwing Holidays, in which British Airways has a 50 per cent stake, said that the costs of the delays were not so expensive. It said that many of its passengers were experiencing short-term delays which did not require overnight accommodation in the UK.

Most tour operators believed that the extra costs incurred by recent flight delays would not substantially affect profits.

Thomson pointed out that 95 per cent of its holidaymakers had not faced any delays so far this summer. "Last weekend some two-thirds of our customers were away on time."

Tour operators maintained that the air traffic system could cope with the demand this summer - over 750,000 holidays are still unsold - if it was allowed to operate without industrial action.

Philip Stephens reports on the Chancellor's re-affirmed battle against inflation

The difficult art of talking down prices

IN FIVE years the Government's rhetoric has hardly changed. But nor has Britain's inflation rate.

On Thursday, Mr Nigel Lawson, the Chancellor, re-affirmed his determination to curb the pace of inflation. Yesterday the Government reported that retail prices rose by 4.6 per cent in the year to June, up from 4.2 per cent in May.

That compares with the 3.7 per cent rate seen at the start of the Government's second term of office in mid-1983.

Last month's figure should not be taken in isolation. The rate just a few months ago was only a little over 3 per cent. Similarly the low-point seen in 1983 was erratically favourable and not representative of the underlying trend.

However, with a further acceleration on the immediate horizon, the latest figures have reopened the question of just how committed the Government has been to its much-trumpeted goal of eventual price stability.

Much less attention has been focused on why the Government has missed its own targets - and what that has meant for output and employment.

Many of the macro-economic pressures it has faced since 1983 are the familiar enough: buoyant demand in the economy; rapid growth in earnings; an explosion in the demand for and the supply of credit; a surge in consumer spending and sharp rises in house prices.

Alongside those factors have been the need to accept a further depreciation in sterling's value from the unsustainably high levels reached at the start of the 1980s and industry's determination to rebuild its profits.

The most constant - and from the Government's perspective most irritating - thread has been the failure of earnings to add downwards in line with inflation.

After responding fairly quickly to the rapid disinflation of the early 1980s, annual growth in average earnings has remained stuck at between about 7% and 8% per cent since 1983.

Even before the latest acceleration, the all-party Treasury and Civil Service Committees concluded that the Government was three years behind schedule in implementing its own medium-term anti-inflation strategy.

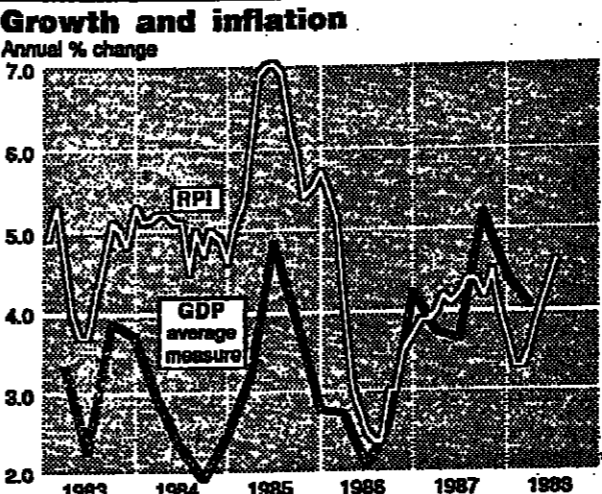
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on several key occasions to ignore its own theory and opt for higher growth and employment rather than for lower inflation. Whatever the public stance, the Treasury believes that in the short-term at least there is a real "trade-off" between growth and inflation.

The implicit policy for much of the time since 1983 has been to seek to establish a firm ceiling for inflation - at 5 per cent or slightly lower - but not to risk an economic downturn by going all out for a further sharp cut.

The starting point is 1983. The judgment on the Conservatives' first term of office was that it had been more successful than expected in reducing inflation. Howled the cost in terms of higher unemployment had been far worse than had ever been anticipated.

There was also a consensus that the pound would have to be allowed to fall in order to restore industry's competitive position.

The resultant loosening in the anti-inflationary stance came to an abrupt end in January 1985 when Mr Lawson was faced with a rise in inflation of 10.9 per cent in response to a sterling crisis. However, with unemployment continuing to rise, he still faced intense pressure to maintain the momentum of growth in the economy.

The opportunity came in the autumn of 1986 with the collapse in the oil price. The Chancellor and his advisers decided not to "pocket" all of the inflation gain offered by lower oil prices but instead to allow sterling to depreciate to provide a fillip to industrial output. "It was a clear decision. We talked about an oil-adjusted exchange rate," one insider commented.

Mr Lawson's determination to hold against the Deutsche Mark have been more a reflection of the Treasury's serious under-estimate of the strength of consumer spending and borrowing.

When the Chancellor unveiled his £4m package of tax cuts in the March Budget there was a clear expectation in the Treasury that the pace of spending was likely to cool as consumers decided it was time to increase their savings.

Instead they have gone on borrowing and spending, and the result looks likely to be a current account deficit this year on the current account of the balance of payments in retrospect the tax cuts look excessive - fiscal policy should have been tightened to reduce demand in the economy.

The Treasury's view is that the situation will eventually be self-stabilising. Consumers will decide that they have borrowed enough and will start to rebuild their savings.

However, the risk is that foreign exchange markets will not be patient and will react by pushing sterling lower, further intensifying the upward pressure on inflation. To forestall such a development Mr Lawson may have to help the "self-stabilising" process along by again raising interest rates to curb spending and cool the housing market.

If that were to work, he would not be spared the political embarrassment of a further rise in recorded inflation, simply because the immediate impact of higher mortgage rates is to push up the retail prices index. With the benefit of hindsight, it would also prove a sign-off between major and inflation since 1983 does not look that bad. Prices in Britain may be running twice as fast as they are in France, but so too is the pace of economic growth. The upward momentum has paved the way for major productivity gains.

It, and it remains an if, the present rise in the inflation rate proves sustainable and temporary, the Government may conclude that the balance since 1983 has been about right. However, that does not mean that Mrs Thatcher will necessarily accept the same trade-off over the next few years.

Surplus of £2.1m made by HMSO

By Hazel Duffy

HER MAJESTY'S Stationery Office, one of the candidates for designation as a new executive agency in the Service, made a surplus after interest of £2.1m in 1987-88. HMSO has a statutory requirement to break even.

Turnover was 3 per cent higher than the previous year at £280m, which reflected an increase in volume of business with established customers. HMSO achieved a 10 per cent return on capital in current cost accounting terms against an objective set by the Treasury of 5 per cent.

The Government will announce shortly that it plans to set up a number of executive agencies from the 16 candidates nominated by departments.

In February the Prime Minister endorsed the proposal in the report by Sir Robin Bibb, Improving Management in Government: The Next Steps, to set up agencies.

Mr John Dole, HMSO controller and chief executive, welcomed the prospect in his annual report.

He said: "We believe that as a new style executive agency we would have greater freedom to create a staffing and pay structure for HMSO more appropriate to its commercial and entrepreneurial role."

Abbey National letter signals start of incorporation campaign

By David Barchard

THE letter is the first of four explaining different aspects of incorporation to members. There will also be a series of members' meetings across the country, starting in October.

Peter Birch, Abbey National group chief executive, said: "We intend to set out a balanced case." The Building Societies Commission, which supervises the industry, has warned that societies must set out the advantages as well as the disadvantages for members.

However, the initial letter only lists four advantages of conversion. The first two of these are that company status would mean that company assets would not be available to creditors and that market changes would be more swift.

Mr Campbell also says that company status would improve the society's mortgage services by giving it access to broad funding, and that it would mean competing for funds from foreign financial institutions likely to enter the UK market. He promises that the society would go on concentrating on personal financial services.

The meeting brought an angry response from AMAF, an association of Abbey National members opposing flotation. It said that the board was continuing to refuse to tell members about the arguments against becoming a company and warned that the change would expose the society to the risk of a takeover.

Football TV deal approved

By Raymond Spoddy

THE FOOTBALL League management committee voted in favour yesterday of the British Satellite Broadcasting/BBC financial package for the televising of football. It passed new regulations to try to limit the danger of a break-up of the league.

The BSB offer, worth a guaranteed minimum of £11m a year, will go to an emergency general meeting of all the clubs on August 8 with a recommendation that it be ratified.

An offer from the ITV companies, worth a total of £25m over four years, was formally delivered to League representatives by Mr Greg Dyke, head of ITV, at 9am yesterday. It was then accepted for the first time as a formal proposal and will be put before the clubs at the emergency meeting.

Mr Jack Dunnett, former chairman of Nottingham County who chaired yesterday's meeting, forecast a majority for the BSB offer. However, he conceded: "If we win we are going to have problems."

The "top 10" clubs which have been talking to ITV are still believed to be in favour of a separate deal which would give them £32m of the £52m package.

However, the management committee has decided to try to make it more difficult for clubs to leave the league. The meeting will be asked to pass a recommendation that in future clubs will have to give three years' notice before leaving the league. If they do not, such clubs will have to pay compensation to the remaining clubs.

This motion is likely to be tabled before a vote on the television proposals, putting more pressure on any potential rebels.

The Football League will also ask the 10 first division clubs to give an undertaking that they will not sign an agreement with ITV before the August 8 meeting. If they refuse, the League will seek an extension, until the emergency meeting, of its High Court injunction blocking the signing of an ITV deal.

Two carrots will also be held out to the top clubs. In future the first division clubs would get 80 per cent of the money from a television deal, compared with 50 per cent at the moment, with 10 per cent for the second division and the remainder for the third and fourth.

The setting-up of a league restructuring committee to look at the possibility of a new premier league with fewer clubs was also accepted in principle.

As a result of yesterday's meeting Mr Dunnett said the chances of the League breaking up "are now less but they are substantial." Apart from the danger of a split in the League, football in the UK faced government insistence on 100 per cent membership of clubs and the continued ban from Europe.

Between now and August 8, League negotiators would try to put some flesh on the ITV offer and seek better final offers from both BSB and ITV.

Max Wilkinson on the future of Northern Ireland's electricity industry

Burning question finally answered

THE ANNOUNCEMENT yesterday that Northern Ireland's electricity industry is to be privatised ends a long and bitter argument about the future of the province's power supplies.



The Kilroot development is expected to cost about £160m over four years compared with \$49m to £500m for the lignite project.

Keeping costs to a minimum is especially important for the Government, because Northern Ireland is burdened with ageing and high-cost plant, which is at present highly vulnerable to any rise in world oil prices.

The Government has had to pay £350m in subsidy since 1981 to keep electricity prices in the province down to the highest tariff level on the mainland.

In 1986-87, the utility made a loss of £160m, although this was due to a small profit after the collapse of oil prices in 1986, with a profit of £11.6m in the year to the end of March.

The second phase of Kilroot, with output of 960 MW when burning coal and 520 MW when burning oil, represents a significant part of the province's total capacity of about 2,000 MW.

At present, it has only three functioning power stations, although the first stage of the conversion of Kilroot to burning coal is expected to be completed soon.

The elderly coal burning West Belfast power station with capacity of 240 MW is due to be retired soon.

The decision to go ahead with the second stage of Kilroot is therefore important for British Coal since it represents a possible market of more than 500,000 tonnes a year.

Dr Schriever says the utility will not be committed to buying from British Coal and would be anxious to purchase supplies on the world market.

However, it seems probable that British Coal will agree to match world prices for this contract.

Although Northern Ireland Electric has strongly opposed the plan by Antrim on grounds of cost, it says that in the longer

term it would like about a third of the province's electricity capacity to be based on domestic supplies of lignite, which is available in several sites.

As rising demand brings the need for new power plant in the late 1990s, it wants to explore competitive supplies of the fuel in an effort to drive down prices which it regards as too high at present.

A more immediate concern for the utility will be the details of the privatisation plans.

Mr Peter Viggers, the Northern Ireland Industry Minister says different schemes for privatisation will now be studied.

He says he wants to introduce an element of competition into the industry, but the utility is likely to oppose any break-up on the grounds that the province is too small to support more than one utility of an efficient size.

A further difficulty for the Government is that in its present state, sale of the utility is unlikely to raise much money because of its heavy dependence on oil and one elderly oil plant.

The development of Kilroot as a modern dual-fuel plant will improve its attractiveness.

Even so it is clear that a fairly large stream of investment funds will be required over the coming decades. The private sector's willingness to provide funds will depend crucially on what view a future regulator takes on electricity prices.

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UK NEWS — EMPLOYMENT

Partnership 'benefits' John Lewis

BY JOHN GAPPER, LABOUR STAFF

THE John Lewis Partnership, one of the largest employee-owned companies in Europe, has achieved faster productivity growth than its main competitors...

The Partnership was founded in 1929 with an interest-free loan of £1m, used to buy the company and transfer ownership to its workers through a trust...

John Lewis is also found to have kept the proportion of its part-time employees constant at around 65 per cent, against a fall in Sainsbury part-timers from 53 to 40 per cent...

Willis backs training programme

By Michael Smith, Labour Staff

MR NORMAN WILLIS, General Secretary of the Trades Union Congress yesterday reaffirmed his conditional support for the Government's employment training programme...

Mr Willis, at a Policy Studies Institute seminar, said the TUC had to build on a framework for the scheme it had "wrenched out of the Government."

"There is no viable alternative. If we do not have it, I do not know where people who need training would go."

The scheme, which aims to train 600,000 adults a year, is opposed by some unions, including the TGWU general workers' union and the Naps and Nalgo public sector unions...

Mr Willis said he understood why the scheme's opponents were suspicious. The TUC would, however, continue working to improve employment training and would continue to support it, provided it remained voluntary.

Talks between police representatives and local employers on police pay were adjourned until July 27 after the first day of negotiations yesterday.

PO team briefing row unsettled

BY MICHAEL SMITH, LABOUR STAFF

THE Union of Communications Workers said yesterday that the Post Office would have to reinstate its team briefings - workplace discussion groups designed to improve industrial relations - without its co-operation.

Mr Alan Tuffin, general secretary, said the Post Office would be imposing the briefings on an unwilling workforce. This would effectively destroy the object of the exercise and "further damage industrial relations in an industry already beset by considerable industrial relations problems."

Mr Tuffin's comments ended any hopes that the UCU might be willing to seek an immediate compromise after the Post Office won an injunction on Wednesday which ordered the union to stop instructing members to boycott

team briefings. The UCU has already sent a circular to branches withdrawing the boycott instruction but it has yet to decide on whether it wants to pursue the matter legally.

Following the granting of the High Court injunction against it, the union has the option of defending its action at a full trial, scheduled for October. Although it is consulting lawyers, the likelihood is that it will let the matter rest legally.

However, in his statement yesterday Mr Tuffin said that the union did not agree with the concept of team briefings because of reported abuses of the system. This refers to allegations that some managers used the briefings last year to urge staff not to vote for industrial action over a

dispute about hours. Mr Tuffin said the Post Office had seriously abused the standing of the Industrial Society, which has played a significant role in promoting team briefings among trade unions and responsible employers.

This week Mr Tuffin resigned his seat on the Industrial Society's ruling council in protest against the Post Office's action.

Employees of Moscow Narodny Bank, the Soviet International bank based in London, have been offered a pay rise of 4 per cent. If the financial services union which represents about 80 per cent of the staff, had asked for 12 per cent. It says the average rate of settlements in the banking sector has been about 7 per cent this year.

Engineering recruits fewer apprentices

BY OUR LABOUR STAFF

THERE has been a fall in the number of apprentices recruited by engineering companies in the past year, according to the latest edition of the Engineering Industry Training Board's economic monitor.

The monitor says that the provisional figure for apprentice recruitment stands at 8,310, while companies' out of the direct scope of the board registered 3,444 craft and technician trainees in the same year.

The number of apprentices has fallen from the previous year's figure of 9,870, and 9,300 in 1985-86. Ten years ago, the equivalent figure was 24,514 - about the same as the figure for 1967-68.

The result comes against a background of companies reporting increased skill shortages. The monitor says that manufacturing companies have responded by resorting to the use of more overtime and taking on temporary workers.

It says that such shortages are seen as a constraint on British economic growth. The number of apprentices for 1987-88 includes 241 technicians receiving training under the EITB's extra recruitment scheme and 960 Youth Training Scheme trainees identified as undertaking basic engineering training.

Of the 8,310, technician trainees accounted for 37 per cent and craft trainees the remainder. The monitor says that productivity within engineering is continuing to grow strongly. According to Department of Employment figures, the rise in productivity between 1986 and 1987 was 8 per cent.

It reports on some EITB initiatives to combat skill shortages, including a software engineering scheme, the development of open learning material and schemes to encourage women engineers.



Doug McAvoy: conflict with left-wing activists

McAvoy to be NUT general secretary

By John Gapper, Labour Staff

LEADERS of the National Union of Teachers yesterday appointed Mr Doug McAvoy as the successor to Mr Fred Jarvis, the union's general secretary, after a previous attempt to do so was blocked.

Mr McAvoy, a right-winger who has supported reforms to the structure of the 188,000-strong union, was appointed in preference to Ms Carole Regan, a member of the Inner London Teachers' Association.

Mr McAvoy, 49, the union's deputy general secretary, will become general secretary designate from September, and general secretary in September 1989 when Mr Jarvis retires.

Under the new Employment Act, Mr Jarvis will have to stand for election to the post by membership ballot.

Mr McAvoy, who was educated at Jarrow Grammar School and Culham College, taught in secondary schools in Newcastle upon Tyne before becoming NUT deputy general secretary in November 1974.

His appointment was blocked at the NUT's annual conference in April on the grounds that the executive had not used correct procedures and advertised the post openly.

However, there is also some conflict between Mr McAvoy and left-wing activists over the leadership's attempt to reorganise the NUT and give it a less militant image following a sharp fall in membership. The reform package was accepted at the conference but the closeness of the vote was taken as a warning to Mr McAvoy.

APPOINTMENTS

STC marketing director

Mr Richard Turner has been appointed to the new post of group marketing director of STC. He also becomes chairman, STC Submarine Systems. He was commercial director of the civil engine group of Rolls Royce. Dr Saul Lanyado has been appointed managing director, STC Submarine Systems. He was director and general manager of Marconi Instruments in Scotland. Mr Roger Wood has been appointed managing director of STC Telecommunications Systems division. He was sales director of ICL. Mr Stuart Bailey becomes director, business strategy. He was managing director, STC Transmission Systems division.

Mr Kevin Pakenham has joined JOHN GOVETT, a subsidiary of Berkeley Govett & Co., as chief executive.

Mr David Yorke has been elected president of THE ROYAL INSTITUTION OF CHARTERED SURVEYORS. He is senior partner with Weatherall Green and Smith.

Mr Christopher Tugendhat, chairman of the Civil Aviation Authority, and a director of National Westminster Bank, has been appointed a non-executive director of COMMERCIAL UNION ASSURANCE.

Mr Michael Hoffman, chief executive of Airship Industries, has been appointed deputy chairman of COSWORTH ENGINEERING of which he is a non-executive director.

Following the acquisition of Tod and Beazer Products and Services, the BM GROUP has reorganised, and made changes at main board level. Mr Howard Sutton has been appointed managing director. He was finance director, and is succeeded by Mr Carl Young. Mr Barrie Barrett is made a director. A former executive director of Shearson Lehman Hutton Securities, Mr Michael Whittles, joins the board as a non-executive director. Mr Ernest Collier and Mr Keith Eagg will leave the board to concentrate on divisional responsibilities. Mr Matthew Thorne, a non-executive director representing Beazer, will not seek re-election at the annual meeting.

BBA GROUP has made the following changes. Mr Peter Crawford, chief executive of the automotive components division, takes control of recently acquired Outhwaite companies Butler Metal Products and Butler Polymat. Mr Peter Paul, director and general manager of the brakes division of

Automotive Products, becomes managing director of the automotive component divisions in the UK, and Mr Clive Hale, formerly financial controller of AP, is appointed finance director of the division worldwide. Mr Mark Wingrove is appointed director and general manager of the brakes division. Mr Chris Bayliss becomes general manager of the steering and suspension division.

Mr Robert Morgan has been appointed legal adviser to the CHARTERED INSTITUTE OF ARBITRATORS.

The London branch of NORD-DEUTSCHE LANDESBANK has appointed Mrs Nancy Caiger as senior manager, capital markets; Mr Bruce Gresswell as senior manager, money markets, chief dealer; and Mr John Omer as senior manager, credit and business development.

Mr Andrew Bathurst has taken over as active underwriter of the ST QUENTIN MARINE SYNDICATE 87/88, following the retirement of Mr Derek Heyworth.

COLORGEN INC., a US group, has appointed Mr Peter Wall and Mr Lew Boyd to the main board. Mr Wall is managing director of the group's UK subsidiary and joins as an executive director. Mr Boyd, president of Coastal Technology Inc., joins as a non-executive director.

Mr Chris Corbin, chairman and managing director of Virgo (Engineers), has been elected president of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION.

Mr Gerhard N. Mayr, LILLY INTERNATIONAL vice president for Europe, has been named senior vice president for Europe, which includes responsibility for operations in the UK. Mr Richard A. Bailey, a vice president and managing director of operations in the UK, becomes vice president of European corporate affairs, and vice president of Eli Lilly Group in the UK. Mr Alan S. Clark, general manager of Eli Lilly Italia, has been promoted to vice president of Lilly International and managing director of operations in the UK.

Mr Frank Bayers, managing director of ML Engineering (Plymouth), has been appointed president-elect of the INSTITUTION RAILWAY SIGNAL ENGINEERS. He will relinquish the post of managing director and become sales and marketing director from July 18, to give him more time for his post with the

Institution. Mr Ray Haines becomes managing director.

Mr Colin J.E. Houston, Mr Alan A. Welsh and Mr Andrew C. Eiggitt have been appointed associate directors of RUGBY SECURITIES.

Mrs Brownie Curtis, packaging manager, has been appointed manufacturing director of AVON COSMETICS. She succeeds Mr Tom Jensch, who is returning to the parent company in the US.

Following the acquisition of H. Stephenson Group, and of Ansford Management by STEEL BURRELL JONES GROUP, Mr Bill Barratt, Mr George Boden, Mr Tony Keys and Mr John Wynn have been appointed to the board. Mr G.W. Burrell has become a non-executive director of the group, and of its chief subsidiary Steel Burrell Jones.

Mr J.F. Goble has been appointed a non-executive director of WREN UNDERWRITING AGENCIES.

Senior posts at Royal Bank of Scotland

AT THE ROYAL BANK OF SCOTLAND Mr John Comber is to become general manager, marketing, on August 1. He joins from Prudential Financial Services where he was responsible for directing the marketing activities of its home service division.

Mr Bob Young, finance director of Royal Bank Leasing

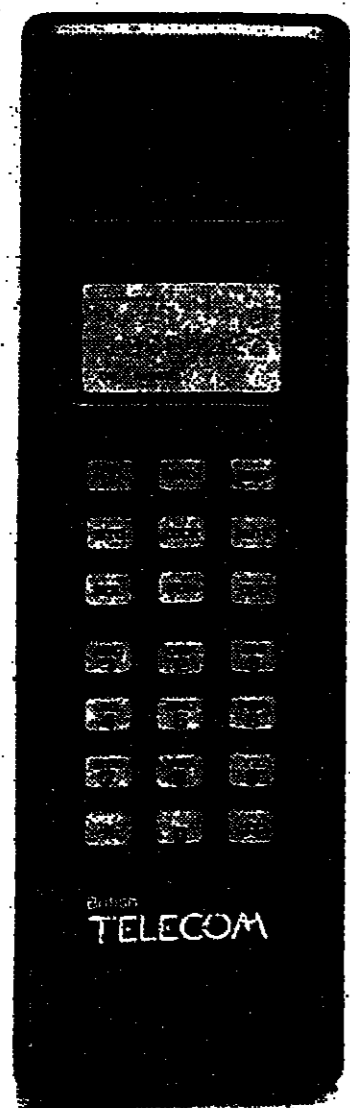
ROYSCOT FINANCE GROUP, finance house of The Royal Bank of Scotland Group, has appointed Mr R.B.C. Young as the finance director of both its Royal Bank Leasing and RoyScot Trust subsidiaries. He is finance director of RoyScot Factors.



Mr Bob Young, finance director of Royal Bank Leasing

ROYSCOT FINANCE GROUP, finance house of The Royal Bank of Scotland Group, has appointed Mr R.B.C. Young as the finance director of both its Royal Bank Leasing and RoyScot Trust subsidiaries. He is finance director of RoyScot Factors.

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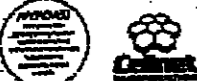
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Saturday July 16 1988

The limits of co-ordination

THE RISK of the dollar is proving yet another example of the difficulty of interpreting events in the absence of words. Does the renewed strength of the dollar show the possibility of squeezing the quart of burgeoning demand for American goods and services into the pint pot of American productive capacity? Does it demonstrate no more than the short-sightedness of both the financial markets and the governments of the principal economies? Or is it a welcome and perfectly reasonable correction after the over-heating of the dollar at the end of last year?

The trade figures for May are, undoubtedly, encouraging, but the deficit was still just below \$11bn, far from a modest figure in anything other than the present extraordinary circumstances. In the first five months of 1988, the American trade deficit was \$59bn, as against \$58bn for the comparable period of last year. A trade deficit of \$140bn for the year as a whole is certainly not out of the question and, in addition, the balance on property income is deteriorating rapidly as net indebtedness rises. By the end of 1987, it should be recalled, net external indebtedness of the US was \$370bn. It is likely to be some \$300bn at the end of 1988, more than 10 per cent of GDP.

The worry about the strength of the dollar is that, if continued, the adjustment process will be aborted, with huge current account deficits then stretching out as far as the eye can see. Moreover, this peril is dangerously attractive in the short term, especially for well-wishers of Mr George Bush, because of the effects of appreciation on US inflation.

Buoyant demand

The most fundamental explanation of the appreciation would be that the attempt to bring about adjustment through exchange rate depreciation was superimposed a buoyant demand for exports upon the continued fiscal deficit and firm consumer demand (despite the October stock market crash). With a federal budget deficit of more than 3 per cent of GDP, the US was in cyclical expansion, there is no room to accommodate the adjustment in the external balance.

Mr Alan Greenspan, Chairman of the Federal Reserve Board, told Congress that the US growth in 1988 was expected to be between 2% and 3 per cent, while rising capacity utilisation and "some signs" of wage acceleration argued for caution. Caution has, indeed, been shown, both by the Federal Reserve and by the Federal Reserve, in the somewhat higher US short term interest rates.

The immediate consequence of higher interest rates could be a

sustained appreciation of the exchange rate, similar to that which occurred in the early 1980s. The ultimate result would be a renewed deterioration of the external balance, which would again provide the additional resources needed by the US economy if inflation is not to rise out of control.

Fortunately, it is far from clear that the problem is so fundamental. It is possible, instead, that financial markets have seized upon a temporarily favourable conjunction of widening interest differentials, improved trade trends and successful central bank intervention, while policymakers in the US are only too willing to take advantage of any opportunity to curb incipient inflationary pressures. If the dollar were allowed to rise much further, this attitude could prove short-sighted, but there is no reason to suppose that this is what is going to happen.

Plausible alternative

Finally, there is the plausible alternative view that the devaluation of the dollar last year went too far, when set against a purchasing power standard, and exports are growing too fast. The correction of about 3 per cent in the nominal effective exchange rate of the dollar since April allows the monetary authorities to prove their worth as stabilising speculators. They can now sell some of the dollars they have accumulated and so do themselves good, while doing good.

Under the first of these alternative perspectives the adjustment should be aborted, because it is infeasible without accelerating inflation. Under the second it need not be aborted, but might be if the players are sufficiently foolish. Under the third, there is no reason at all to expect serious problems.

It is not yet possible to know which perspective is correct. For the observer there are two key questions: first, given the actual and prospective fiscal policy position in the US, is adjustment possible? Secondly, even if it is, will the markets and the authorities allow it to happen? At present, the firm answer to the first question is either question. If one knew what the authorities were actually trying to do with exchange rate management, one would not only have a chance of knowing the answer to the second question, one would even know when the grim reality of resource constraints is forcing them to forget their best intentions.

Unfortunately, the presence of such a signal would be of no more than modest use. It would tell us that, in a properly co-ordinated world, US fiscal policy needs to change; it would not make such a change a jot more likely.

John Lloyd opens a series of three articles examining a fundamental shift in Britain's ruling élite

BRITAIN is no longer run by an Establishment. In its place is a Disestablishment comprising men and women whose values, assumptions and habits are those of outsiders. Often they still perceive themselves as outsiders, radicals, anti-establishment figures, but that is increasingly a pose. They have successfully de-throned much, though not all, of the old Establishment, and in many crucial centres of power have taken its place.

The Disestablishment, like the old Establishment, is defined more by its ability to maintain and transmit a set of values, which become the dominant ones in society, than by its power and wealth.

The argument is that the values transmitted by the Disestablishment are materialistic, efficient, demotic, hedonistic, internationalist and rule-breaking.

These contrast sharply with the ambient values of the old Establishment, which was, if not anti-money, certainly not for it; amateurish, even sloppy, in style; paternalistic or *de haut en bas* (rather than demotic, which is *de bas en haut*); distrustful of pleasures taken beyond a "decent" point; Anglo-centric, most obviously so when most trying to be internationalist; and jolly keen on the rules.

The contention is not that the old Establishment has disappeared. It makes a good living in many parts of society and actively engages with the Disestablishment on countless fields of battle. There has been no clean break. A range of "bridging" figures span the two opposing passages from one to the other, often unaware of what they are doing. The Disestablishment is not simply a reflection of "Thatcherism", since many of its members would violently disavow allegiance to the Prime Minister and her values. It is probably true to say, however, that the changes which she has ushered in or which are associated with her are the largest single feature in its formation.

Before defining the Disestablishment more closely, it must be made clear what it is replacing. That means delving briefly into the recent past - worth doing, because the very coining of the Establishment's name was probably itself a midwife to the birth of the Disestablishment.

The word was used by Henry Fairlie, a political columnist of the Spectator, on September 23, 1955. He used it in a very specific context: Burgess and Maclean, two British diplomats of the "best" family and education, had unmasked themselves as Soviet agents by defecting to Moscow. In the five years prior to their defections, rumours of their treachery had circulated in Fleet Street and their families had been pursued by journalists from the popular papers, especially the Daily Express. A number of grand figures, including Lady Violet Bonham Carter, Asquith's daughter, and the Honourable David Astor, editor of the Observer, had protested against the "harassing" of the families. Fairlie alleged that Lady Violet had sought to put pressure on the Express to desist - an allegation she partly confirmed. People like these, acting like that, made up the Establishment, which Fairlie defined thus:

"By the Establishment I do not mean only the centre of official power - though they are certainly part of it - but rather the whole matrix of official and social relations within which power is exercised... Anyone who has at any point been close to the exercise of power will know what I mean when I say that the Establishment can be seen in the activities of, not only the Prime Minister, the Archbishop of Canterbury and the Earl Marshall, but of such lesser mortals as the chairman of the Arts Council, the Director General of the BBC and even the editor of the Times Literary Supplement, not to mention divinites like Lady Violet Bonham Carter."

The Foreign Office was seen by Mr Fairlie as lying "near the heart of the



The crumbling of the Establishment

pattern of social relationships" of the pre-war Establishment "and it would be difficult to overestimate the damage then done to this country at that disastrous dinner table" (a reference to appeasement).

Mr Fairlie, returning to the fray in his column, said: "When they (the Establishment members) combine, when the whole process is set moving, as it was during the Munich period, as it was on the issue of commercial television (Lady Violet Bonham Carter led the opposition to it, together with others later described by Anthony Sampson as the "Whig Grandees"), as I believe it was in the Burgess and Maclean affair, its power is formidable."

The debate rumbled on. Boothby reappeared to define his establishment as containing "the Archbishop of Canterbury, the editor of The Times, the Governor of the Bank of England and the Secretary to the Cabinet."

Throughout the controversy, Mr Fairlie had threatened to set down his views at greater length. Four years later, a book entitled *The Establishment* did appear, edited by the radical historian Hugh Thomas. It brought together "seven penetrating essays" on the public schools, the army, the BBC, the civil service, the aristocracy and the City. Only Mr Fairlie's brief essay achieves his aim: that is, to show that the BBC, moulded by Reith, had been quickly made a creature of the establishment: "It is to authority that it looks for guidance in its selection of news, interest of a more than mere sense... fed by authority, it is to authority it gives homage."

Mr Thomas, ennobled by Mrs Thatcher and now chairman of the Cen-

tre for Policy Studies, ended his essay by calling for the abolition of the public schools and for the destruction of "the dusty Establishment, with its Victorian views and standards of judgment."

Thirty years on, Lord Thomas has chosen to associate himself with a Prime Minister who has destroyed many of these views - even if she did so (and perhaps only could have done so) in the name of restoring "Victorian values".

Mr Fairlie, now an associate editor of the US magazine *New Republic*, recalls that he and other journalistic misfits - Colin Welch (now a political columnist on the Daily Mail) and Peregrine Worsthorne (now editor of the Sunday Telegraph) - shared roughly the same views and were animated above all by hatred. "The thing we really hated most of all was Eubulism. We identified the Whigs as the real enemies in British history because they always smoothed over everything."

Here are the fore-runners of the Disestablishment and of Thatcherism. The contempt for those who "always smoothed over everything" is a gut instinct for the Prime Minister and one shared by other political members of the Disestablishment, such as Norman Tebbit and David Owen. That contempt deepened as, in the 1930s, 1960s and 1970s, both the Establishment and the left which purported to challenge it - but was often embraced, smothered or confounded by it - appeared to deliver neither success for the economy nor prestige for the nation. The governing Establishment could, in its pessimistic moments, see its job as no more than managing a civilised decline.

There are many explanations of why and how the old Establishment lost its power, but that it has - in the senses

defined above - can no longer be in doubt.

The Archbishop of Canterbury, a liberal churchman, may have made a kind of peace with Mrs Thatcher but there is no doubt he has little power to influence her. The churchman she prefers is the Chief Rabbi, Immanuel Jakobovits, whom she has also ennobled: he is a Disestablishment figure, for sure, and his accession to that company points up the prominence of fellow Jews - the perennial outsiders - in its creation.

The editor of *The Times*, Charles Wilson, is a Glaswegian grammar schoolboy who did not attend university and whose paper is now an organ of the Disestablishment. The editor of the *Times Literary Supplement*, Jeremy Treglown, was recently castigated by Brian Wilson, columnist on the Sunday Times (another important Disestablishment figure writing in an important Disestablishment organ) for criticising the Prime Minister while at a literary congress in Lisbon in May. Treglown ("a wet Tury, if anything") sees his independence as important, both in contrast to the prevailing political climate and to the stance taken by the rest of Rupert Murdoch's Times stable.

The director general of the BBC, Michael Checkland, is a lower middle class northern grammar schoolboy who was an accountant; his deputy, John Birt, is a working class Catholic who contrasted as an engineer (but both at Oxford, which has survived disestablishment). The Governor of the Bank of England, Sir Robin Leigh-Pemberton, cannot wield the power his predecessors did (a) because the Treasury has ensured the autonomy of the Bank and (b) because the regulation and internationalisation of the City has rendered the Bank's stabilising manoeuvres, though still important, less vital than they once were.

The Foreign Office's grandeur has declined hugely in the age of photo-opportunity diplomacy. Like other state departments, it worries about the quality of its intake and even more about the quality of its drop-outs.

The Royal family, which has put a delicate toe in the Disestablishment largely through the medium of Prince Charles, miraculously survives while the Queen reigns. But the disestablished masses, who long ago feasted on emotional life, voraciously consume Royalty's dignity through the medium of *The Sun*, the *News of the World* and their imitators.

Only the recently ennobled Sir William Rees-Mogg, chairman of the Arts Council, former editor of *The Times*, educated at Charterhouse and Balliol, seems to express establishmentarianism still within the Disestablishment. He does so by acting as a bridge between old and new conservatism and providing a ventilation for the moral angst which the actions of the Disestablishment have themselves stored up.

There are many defining characteristics of the Disestablishment, but one stands out above all. That is, the Disestablishment's members see themselves as cutting with the grain. Their job, often, is to find out what people want and give it to them. Hence the importance of their materialistic, demotic, hedonistic values, values about which they are themselves ambivalent, since many of them - notably, the Prime Minister - are puritanical. Hence the centrality of the market to their self-definition and to our society.

It is in the market that the Disestablishment sinks or swims. It is the market that the leading Disestablishment members have thrust into the Civil Service, the broadcast media, the arts, the schools, the City, industry and even Fleet Street. On Monday, we meet the kind of people who make up the Disestablishment.

AT MIDDAY last Wednesday, Professor Roland Smith, chairman of British Airways, was plunging through the London traffic, looking forward to a good lunch in the City. A few miles away at 10 Downing Street, Sir Raymond Lygo, the group's chief executive, was at a celebratory meeting with Lord Young, the Industry Secretary, who thought he had just sewn up a deal to take Rover off the Government's hands. But back at BA's headquarters, a hitch was emerging.

The problem was the fine print of the agreement with the European Commission clearing the state aid accompanying the BA-Rover merger. The terms immediately began to ring alarm bells with the company secretary who was unable to contact Smith, but who managed to reach Sir Raymond at Downing Street.

"Ray felt like the Japanese Ambassador at Washington when they bombed Pearl Harbour," said Smith yesterday. "Lord Young was telling everyone how good the deal was, and Ray had to interrupt and say 'I gather we have a little problem'. Smith himself got no further than his tomato juice at lunch that day. Within an hour he was on the telephone to Lord Young, unquestionably aware that he was plunging the industry Secretary into a serious political crisis. 'I spoke to Lord Young twice. I said that I was sorry, but that was it. We needed more time.'

It took the best part of the next 38 hours to resolve the impasse, which revolved around BA's insistence that it needed flexibility to manage Rover in the future. Smith says that the company has now received a written commitment from the Department of Trade and Industry promising that the company will not be held rigidly to the detailed implementation of the Rover corporate plan. "What worried me," he says, "is that if we varied the plan - and businesses are dynamic - we might have been forced to give back some of the money we are getting."

Apart from a slight look of tiredness around the eyes, it was hard to detect yesterday that Smith had had very little sleep

Man in the News

Professor Roland Smith

The man who wanted just a little more time

By Terry Dodsworth and Kevin Done



for the previous two days. It is his ability to work grudgingly long hours, yet to seem totally relaxed while doing it, that lies at the heart of Smith's success. Big and invariably cheerful, he describes himself as a strategist, a top level organiser who establishes the broad structure of a company, sets the main target for the operating team and then lets the executive management get on with it. Allied to this is a gritty northern charm and a natural ebullience which tends to rub off on subordinates. "For him, business is fun," says one of his associates. "It is very infectious."

Smith has been applying this formula to a wide cross-section of British industry over the last 20 years or so. Originally a full-time professor of marketing at the

University of Manchester Institute of Science and Technology, he began to pick up directorships in an era when marketing and business schools became fashionable with UK companies. It was not long before he was moving on to become a professional chairman, operating very much as a company doctor.

Several patients resisted his curative powers, notably mini conglomerate Barrow Hepburn, where profits stagnated for years, Midland Aluminium, taken over after losses, and Mobern, the kitchen furniture group, which was also sold after a series of financial crises.

Smith insists that these days most of his companies are "doing smashing", as he puts it in his broad Lancastrian. Whatever the

problems in the past, he moved steadily closer to the centre of British corporate power, becoming a genuine public figure in 1980 when he took over the chairmanship of House of Fraser, the Harrods department store group. It was widely expected that this would prove his nemesis. Instead, he showed a flair for promoting his position as he faced a long-running takeover attempt from Mr Tiny Rowland, chief executive of Lorrho and a member of the House of Fraser Board.

Smith is still chairman or a director of "about five" companies. Nevertheless, he has trimmed back on non-BA commitments. He has, for example, just resigned his Manchester university post, although he will become an Emeritus Professor

and will still give a few lectures: "I don't like to be a professor," he jokes. "That's a brand."

This professional streamlining suggests that, at the age of 59, Smith sees BA as a job that will take up an unusually large part of his time. There is no doubt that he has the company's central role to play in the British economy. "With the addition of Rover," he says, "we have become the biggest manufacturing company in the UK and the largest exporter. The way we use our assets, the City and the rest of the world, has become very important to Britain."

Only a couple of weeks before the Rover deal, BA demonstrated this pivotal position as lead contractor in the Saudi Arabia arms deal, a contract that could earn the City and "cost" £2.5bn for the company. But the group is also faced with some hefty problems. One of these is the restructuring of Rover, an endemic loss-maker that has run up an accumulated deficit of £2.5bn in Government hands. Smith confirms that this reorganisation will involve a move towards more up-market models and some juggling of assets.

Another is the Airbus programme. BA is the UK partner in the venture and is pushing for both managerial changes and government guarantees against losses. Smith says that the acquisition of Rover, which removes the DTI's most troublesome industrial asset, had nothing to do with his lobbying on other government issues. "In the last few days have shown that he can play the government-industry game in which BA is involved with a great deal of finesse."

Longer term, he is aiming to drive the newly-formed group towards a return on sales of about 10 per cent. "Sir Isaac Wolfson told me years ago," he says, "dropping into the inevitable anecdote, 'that this was the optimum return on turnover. If you make more than 10 per cent you will encourage competition, and if you make less, you will go bust.' Last year, incidentally, both BAe (after exceptional items) and Rover were in loss.

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NATIONAL SAVINGS

JPY ciol 20

Clive Wolman and Richard Waters report on the crackdown on fringe investment firms — and the damage their victims suffer

The clean-up starts to gather pace

AS THE stones are kicked away, all the maggots beneath that have been feeding and waxing fat over the years have been exposed to the light for the first time and forced to flee for their lives. That is how one official of the Securities and Investments Board, the UK's chief investor protection agency, described its crackdown on the fringe operators and more dubious investment firms which is expected to gather pace over the next few weeks.



Frewin and Mr Keith Hunt, and a large number of German and other foreign-owned companies that have used London as a base to attract money from foreign investors. The clumsiness of the old regulatory system was highlighted by Mr Hunt's success in 1982-83 in drawing in several million pounds each month by an aggressive newspaper advertising campaign whilst committing little or none of the money to the futures markets. When the DTI finally sent in investigators, he disappeared — as did most of the money.

The three commodities firms shut down over the last two months are different. Two of them, Stox and DPR Futures, have been accused of aggressive telephone selling and charging excessive commissions and taking other forms of remuneration which were not explained to investors. Both were regarded as imitators of another, much larger firm, LHW Futures, which is fighting hard to gain authorisation by distancing itself from its past.

The SIB has been emboldened by its recent action against Barlow Clowes

the business of three firms of intermediaries that put a high proportion of their clients' money into the Barlow Clowes funds. At the same time, about 1,000 firms have abandoned their applications, mostly after realising that they would not make the grade. Most of the problem cases are small insurance brokerage firms that have failed to keep proper records and accounts.

Ignorance, gullibility, insecurity or greed

A CURSORY READING of the financial pages of newspapers in recent weeks might suggest that the investment world had succumbed to the malign practices of deviant fund managers, financial intermediaries, futures-pushers and assorted other unattractive investment practitioners. In fact, such activities have been around for as long as people have invested money and investors' tales of woe are equally familiar. The hard ships and suffering are the same: only the people concerned and the amounts of money change.

Transposing names

From Mr Peter Warner. Sir, Simon Tait article about the location of Shakespeare's Globe Theatre (Weekend FT, July 9) is illustrated by Wenceslas Hollar's 1647 etching. This shows the Globe on the river's edge with the bear ring island of it. Mr Tait states that the Globe was not on the waterfront and that the names of the theatre and the bear ring had been transposed.

Letters to the Editor

Polarisation: best advice and who can provide it

From Mr Hugh Starfield. Sir, Barry Riley's article on polarisation (Weekend FT, July 9) shows some basic misunderstandings which need to be put right. Best advice and who can provide it lie at the heart of the polarisation issue, in a marketplace where 25-year endowment policies have been commuted for less than £20,000 to over £50,000.

Look for the ashes of current political thinking

From Mr William P. Ridley. Sir, I was slightly bemused to read in Joe Rogaly's review of a book by Mrs Thatcher (The Lady's Not for Judging, Weekend FT, July 2/3) that she was lucky to be Prime Minister and have the trend in political thinking going her way.

The relevance is not clear

From Dr John Eastwell. Sir, Your Leader (July 9) stated that "a current account deficit of £10bn could almost certainly be financed for a year or two, by a low-inflation, high-growth economy with net external assets of £165bn at the end of 1986" (emphasis added).

Savaged by the London critics

From Ms Philippa Giles. Sir, I was totally disconcerted to read your theatre critic's dismissal of Alby Jones's musical production of Romeo and Juliet at the Young Vic (Weekend FT, July 2/3).

'It seems typical of present legislation that we have now foregone this great service'

From Mr Hugh Marsden. Sir, it is frustrating to find that the International Stock Exchange of London has decided not to continue the compensation fund, which for many years has meant that sensible investors using members of the London Stock Exchange have never lost money through default. In large part this has been due to the high standards maintained by members and the high level of surveillance exercised on members.

surely there must be other roles which the Stock Exchange could forego and save members the overheads and cost. It should be remembered that individual members of the Stock Exchange voted for the scheme by which they accepted an eventual £10,000 in return for the continuing role of the London Stock Exchange. It cannot be argued that the actual sum of money was relevant in any other context.

Exchange and, on the whole, the smallest firms have provided this. The public and the Government have an interest in ensuring that the larger firms do not force the small investor out of one of the most efficient and respected share markets in the world. Action is now required from as many people as possible to ensure the continuation of a system which has served the public very well indeed for many years.

Table titled 'BUILDING SOCIETY INVESTMENT TERMS' with columns for Product, Applied rate, Net rate, Interest, Minimum, Access and other details. Lists various investment products from building societies like Abbey National, Alliance and Leicester, etc.

UK COMPANY NEWS

BAT says bid ruling favours management

BY NICK BUNKER

BAT Industries, the tobacco-based multinational, insisted yesterday that it was determined to press ahead with its \$4.5bn (£2.7bn) hostile bid for Los Angeles-based insurer Farmers Group, despite Thursday night's decision by Oregon to refuse permission for the takeover.

As lawyers from BAT began poring over the Oregon insurance department's 56-page ruling, the British group said it appeared to be aimed at protecting the interests of Farmers Group's management rather than its policyholders.

BAT said that a cursory reading suggested the decision by Mr Theodore Kulongowski, the Oregon insurance commissioner, had reached conclusions that were "contrary to law and unsupported by the record and the facts."

Lawyers for BAT in the US now have to formulate a response however without any clear local precedents to guide them.

Mr Lee Weinstein, Mr Kulongowski's executive assistant, said late on Thursday that BAT had two options. It could file an immediate application for regulatory approval, so as to overcome the commissioner's objections, or appeal the matter within 60 days to a judge in the local Marion County Court.

But Mr Weinstein said: "This is the first time we have ever had a case of a well-managed company like Farmers being acquired by a larger company seeking to diversify."

BAT admitted that it was "astonished" by Mr Kulongowski's ruling, which has found against BAT on virtually every count possible under the state's insurance code. Oregon accounts for about 3.2 per cent of Farmers Group's business.

For example, BAT noted ruefully yesterday that one of the very few points on which Oregon had not objected to was the question of BAT's involvement in South Africa, an issue which generated political protests in the state during the eight days of regulatory hearings there.

On a more hopeful note for BAT, the British company has so far received 214,873 shares representing 31 pct of Farmers Group's common stock, in response to its \$63 per share tender offer.

Farmers Group said the Oregon verdict was "a significant setback" for BAT, which it believed would face similar difficulties in the remaining six states where regulators have to approve the bid.

BAT has so far received approval from one state, Arizona. Later this month it is due to have a court hearing in California to challenge that state's ruling that the bid cannot go ahead.

Clay Harris reports on the long-running management row at Yale and Valor

The key that turned a treasured relationship

NOTHING HURT Mr Norman Davis more than the key. Everybody was asked to have his picture taken with the six-foot Yale key - except for him, the man who had just completed the arduous negotiation of the contracts for Yale's \$285m acquisition of Yale Securities and NuTone, a deal which quadrupled the size of the group.

When Mr Davis recalls June 1 last year, the key sticks in his memory. It symbolises the abrupt falling out which emerged last summer between him and Mr Michael Montague, an old friend and chairman of the subsequently renamed Yale and Valor.

But more important for Mr Davis's future and his bitter dispute with Mr Montague, was the board meeting that day convened to approve the US acquisition.

Mr Davis, a director of Valor for 19 years, a finance director for much of that time, says the board agreed to appoint him vice chairman - his price for publicly supporting the US deal despite a rift with Mr Montague. The chairman and other directors agree Mr Davis asked for the position but deny he was promised it.

The row eventually led to Mr Davis's departure from Yale and Valor in May with a \$400,000 payment to him and a £25,000 contribution to a charitable trust.

When he was asked to leave the company, he was told that his annual report and accounts had not been posted to some shareholders in time to make next Wednesday's annual meeting legal. It rescheduled the meeting for September 1.

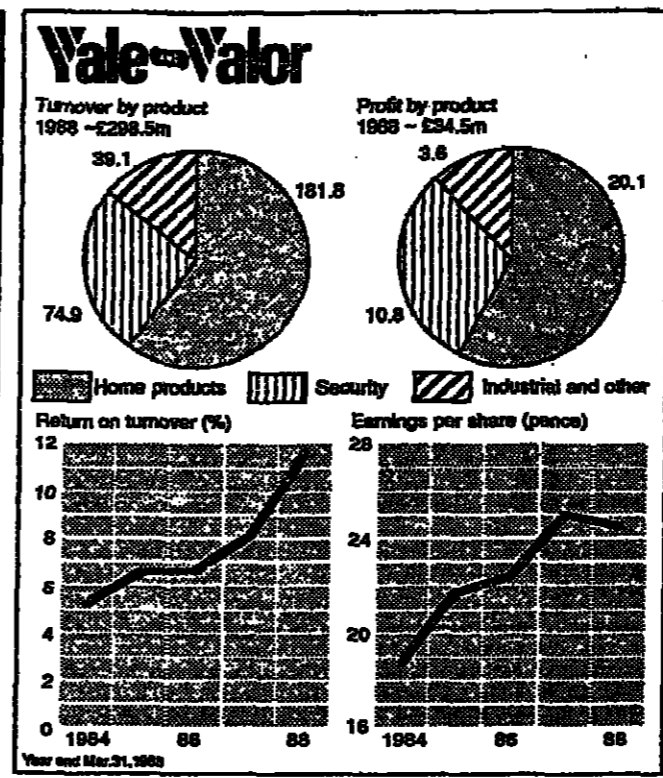
Behind that decision was Mr Davis's signal to Yale and Valor that he might raise the technical slip from the floor, in effect challenging the authority of the resolution.

He had already tabled a resolution, calling for the appointment of a full-time chief executive and an experienced non-executive finance director - a proposal opposed by the board.

The public eruption of this family feud - until they fell out, Mr Davis and Mr Montague were business associates and friends for 30 years - could hardly have



Norman Davis: partnership breakdown



Michael Montague: 30 year relationship.

As to the current controversy, Mr Montague says: "The composition of the board and arrangements for managing the company are under continuous review. They are changing all the time."

"Frankly, Mr Davis knows that I favoured the appointment of a chief executive. Mr Davis knows that headhunters had been retained, and he knows that a short list of candidates was identified. However, none of them was thought to be quite ideal." This happened at the time of the Yale and NuTone acquisitions last year.

Mr Davis claims, however, there has been ample time to find a suitable candidate. "It's a will to appoint a chief executive that I think is absent," he says.

"It's time to bring someone in at the next stage - our next major expansion," says Mr Montague. "At the moment, we have a winning team which has been doing so well that we don't want to change it."

In the City, Mr Davis has been more openly received than many disgraced ex-directors might expect. In part this reflects the knowledge of his key role in building up the group in part an instinctive feeling that Yale and Valor may indeed need a stronger central management considering its size.

However, the company has won admiration for the strong executive and non-executive team assembled to run the US operation, and the public nature of Mr Davis's campaign may have proved counter-productive to the immediate success of his declared aims.

"Washing dirty linen in public does nobody any good," says Mr Montague. It is a view echoed in the City.

Although only they know exactly what has transpired over recent months, both men say they are saddened by the way things have turned out.

Mr Davis speaks of a "breakdown - for no apparent reason - in a very successful partnership."

"The dispute related to our roles in the company," Mr Montague says. "I had hoped he would continue with his particular skills as a negotiator of contracts. I'm very genuinely sad that it led to the end of a relationship which I treasured greatly and still do."

Lewis's deal clears £73m buy-out cost

BY RAY BASHFORD

Lewis's, the Manchester-based department store chain, has signed an \$80m sale and lease-back agreement with Capital and Counties which clears the cost of last May's management buy-out from Sears Group.

Seven of the company's 10 department stores were included in the package and plans were held for major modernisation and development.

Capital and Counties had also acquired the right to take a 25 per cent interest in Lewis's through the conversion of £20m of redeemable preference shares in the next 10 years in return to Capital and Counties.

Lewis's viewed the deal as an important step towards the revival of the group as envisaged by the management at the time of the £73m buy-out, which would help in the eventual flotation of the group.

Mr James Fyfe, chairman and chief executive, said the timing of the flotation would depend on when the modernisation programme was completed, but would be at least 4 years away.

Lewis's turnover last year was £150m, returning a pre-tax profit of £7.7m. Mr Fyfe said in the current year profit would be £3.7m-£4m.

Interest charges on the funding of the buy-out were running at 18m a year. Mr Fyfe said with these settled and the deal in place, the company would be paying £2m a year in rent to Capital and Counties.

Lewis's has decided to retain the Manchester head office because of what Mr Fyfe describes as the "fluid" situation in the city's property market.

Williams Holdings, building and engineering products and engineering company, is to raise £20m through an unlisted issue of 10-year redeemable preference shares to a fund to strengthen its balance sheet through access to medium-term funds at an attractive interest rate.

Williams plans to increase the annual dividends on its existing 10.5 per cent preference shares and 6.25 per cent convertible preference shares to 10.75 per cent and 5.825 per cent respectively.

Williams raising £20m via unlisted preference issue

BY CLAY HARRIS

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C&W chief has pay cut by 20%

BY HUGO DIXON

Mr Eric Sharp, the chairman and chief executive of Cable & Wireless, the international telecommunications company, suffered a 20% pay cut last year. The company's annual report, published yesterday, showed that his remuneration fell from £259,000 to £207,000.

Mr Rod Olsen, the finance director, explained that this was because pay was very closely related to performance at C&W. The company's pre-tax profits grew by only 5 per cent in 1987/88.

By contrast, Sir John Clark, chairman and chief executive of Plessey, another telecommunications company, increased his salary by 33 per cent to £268,000 in 1987/88. This was in spite of a 7 per cent fall in pre-tax profits.

October crash cuts LIT profits

BY VANESSA HOULDER

FALLOUT FROM the October crash prompted a sharp drop in profits for LIT Holdings, the futures and options brokerage group which yesterday announced pre-tax profits of £3.5m against £6m in income up from £4.2m to £5.0m for the year to end-March.

Mr Michael Middlemas, chief executive, who joined the company at the end of last year, said the exceptional events of last October, the impact of the weaker dollar and other extraordinary matters, were responsible for the "disappointing" overall performance.

Now the problems of last year were behind the company, he said.

An extraordinary item of £1.3m comprised reorganisation costs, payments to former directors, losses and costs arising from a Eurobond fraud case involving former employees and tax provisions.

Futures clearing and broking accounted for £46.8m (£38.5m) of turnover, while securities clearing and broking accounted for £3.7m (£4.2m) and head office activities accounted for £500,000 (£588,000).

Earnings per share fell from 3.65p to 2.65p and net assets increased from 30.1p to 20.4p. A final dividend of 0.95p has been recommended, making an unchanged 1.6p total for the year.

LONDON RECENT ISSUES											
EQUITIES											
Code	Name	Issue	Price	Yield	Div	Yield	Div	Yield	Div	Yield	Div
0200	British Telecom	1000	230	4.5	10	4.3	10	4.3	10	4.3	10
0201	British Airways	1000	210	4.5	10	4.3	10	4.3	10	4.3	10
0202	British Petroleum	1000	180	4.5	10	4.3	10	4.3	10	4.3	10
0203	British Overseas Airways	1000	150	4.5	10	4.3	10	4.3	10	4.3	10
0204	British Airways (A)	1000	120	4.5	10	4.3	10	4.3	10	4.3	10
0205	British Airways (B)	1000	90	4.5	10	4.3	10	4.3	10	4.3	10
0206	British Airways (C)	1000	60	4.5	10	4.3	10	4.3	10	4.3	10
0207	British Airways (D)	1000	30	4.5	10	4.3	10	4.3	10	4.3	10
0208	British Airways (E)	1000	10	4.5	10	4.3	10	4.3	10	4.3	10
0209	British Airways (F)	1000	5	4.5	10	4.3	10	4.3	10	4.3	10

Wray heads Chartsearch

BY VANESSA HOULDER

Mr Nigel Wray, the entrepreneur whose property company Gilbert House merged with Singer & Friedlander last year, has become chairman of Chartsearch, the newsletter and book publisher, after increasing his stake to 44 per cent.

Mr Wray said he expected to make some substantial deals that would broaden Chartsearch's range of activities. The existing print sheet business will be continued but not expanded, he said.

Chartsearch announced on Thursday that Mr Wray had bought 1.2m shares, or 45 per cent of its shares at 30.5p from Mr John Gommes, the present executive chairman, who now holds 23.3 per cent. Mr Gommes will become deputy chairman and chief executive.

To comply with takeover rules, Mr Wray has made a cash offer for the whole of the company, at 20 p per share. However, further acquisitions are unlikely as the market price of Chartsearch yesterday stood at 86p. The share price rose from 35p three weeks ago, and put on a further 28p after the announcement.

Mr Wray is also deputy chairman of Singer & Friedlander and director of Carlton Communications.

DTI backs water changes

By Andrew Hill

The Department of Trade and Industry is broadly in favour of changing the Companies Act so parts of it apply to the UK's 29 statutory water companies.

However, any alterations would probably have to wait until next year. By then they may have been overtaken by proposals included in the Bill to privatise the water authorities, due in autumn.

Brown Shipley, adviser to Eastbourne Waterworks, wrote to the DTI in May, suggesting the current situation discriminated against statutory companies, private sector bodies which are not registered under the Act.

In its reply, the DTI says the companies could be brought under Part VI of the Act. This would require investors to declare interests of 5 per cent or more in the statutory companies. At present they need only disclose holdings when they reach 15 per cent of the voting capital.

Eastbourne Waterworks has been unable to discover the ultimate holders of two nominee stakes amounting to just under 15 per cent of the company's voting capital. The stakes are held by Bank of New York nominees and New Court nominees, but were acquired as one holding by Cantrade nominees in January.

Hodgson plans autumn listing

Hodgson Holdings is set to become the first UK funeral director with a full stock market listing. The company, one of three funeral directors quoted on the Unlisted Securities Market, plans to seek a listing this autumn, but does not intend to raise additional funds with the move.

The group has also announced a further 12 acquisitions for a total of £3.5m in cash, and the disposal of two coffin-making businesses for £350,000 cash. The capital raised from the disposals - and the additional sale of related property to raise £150,000 - will be used to expand the core funeral directing business.

Hodgson - the UK's largest funeral director after the Co-op - has bought 41 funeral businesses since October and a total of 86 since the company came to the USM in June 1985.

Marina Development

Marina Development Group, marina operator, reported a surge in pre-tax profits from £79,000 to £1.8m for the year to March 31. Turnover rose to £2.28m (£4.93m). Earnings per 50p share were up from 1.6p to 9.1p. The company is paying a dividend of 1p - the first since it came to the USM.

Wentworth advances

Wentworth International Group, USM-quoted polythene film and bag manufacturer, increased pre-tax profits by 13 per cent to £305,880 in the year to March 31. Turnover was £3.62m (£4.67m).

An unchanged single final dividend of 1.75p is recommended. Earnings rose from 4.8p to 5.1p.

Beaverco profits jump by 32%

Profits at Beaverco, fire-resistant foam maker, bounced 32 per cent to £1.58m in the year to March 31 even though the results included no benefit from the stringent new UK regulations about furniture flammability, which propelled the group to the technological forefront of the £100m-a-year foam market.

Two new factories have been acquired and the capacity of a third doubled in order to cope with increased business which the company estimates could boost sales by more than 24.5m, and increase UK market share from 12 to 15 per cent.

Beaverco also plans to raise £2.8m by way of a placing and open offer of 1.8m shares at 180p. Shareholders will be offered the provisionally placed shares on a two-for-one basis.

Mr John Lees, chairman, said the company was looking eagerly towards Europe for further expansion opportunities.

A final dividend of 4p will raise the total to 5.7p (5p). Earnings increased to 16.5p (15p).

Wilshaw suspended

Shares in Wilshaw Securities were suspended at 34p yesterday pending the expected announcement of an acquisition.

Clayform has 40.97% of Stead

With the contested £108.1m bid by property group, Clayform, for shoe retailer Stead & Simpson due to close at lunchtime today, the predator announced yesterday that it had picked up a further 6.347 ordinary shares (0.4 per cent) on Thursday, and another 4,236 shares yesterday.

This takes its holding of the key voting share class to 40.97 per cent. No figure has been published for acceptances, but the stake itself is some way short of the 50 per cent level needed for victory. "We're as confident as we ever have been," was the cautious comment from S.G. Warburg, advisers to S & S.

Task Force 46% ahead

Turnover in the six months ended May 31 1988 rose 56 per cent to £10.13m, while the profit came to £719,000 (£492,000). Earnings were 5.9p (4.3p) and the interim dividend is 1.2p (1p).

The group, which is quoted on the USM, serves the computer, industrial and secretarial markets.

Early indications were that the trend would be established again.

Drayton Far Eastern

Drayton Far Eastern Trust reported net asset value of 356.75p at June 30 1988 against 264.25p at the end of December and 227.375p a year earlier.

Net revenue for the six months was £229,000 (£12,000) for earnings per share of 1.55p (0.07p). Interim dividend is again 0.4p.

Victoria Carpet

Profits of Victoria Carpet Holdings recovered from a depressed £2.54m to a record £1.94m pre-tax for the year to end-March. Turnover grew 7 per cent to £32.8m. Earnings rose to 17.85p (16.25p) per share and the dividend is stepped up from 2.75p to 3.06p.

Dividends Announced

Company	Current payment	Date of payment	Correc-pounding div	Total for year	Total last year
Anglo & Overseas -int	1.35	Sept 1	1.25*	5.7	3.75*
Beaverco	5	Sept 1	0.4	1.5	1.5
Drayton Far East -int	0.4	Aug 26	0.4	1.5	1.5
LIT Holdings -fin	0.96†	Aug 26	0.96	1.5	1.5
Marina Develop't -fin	1	Aug 26	1	1	1
Symonds Eng -fin	1	Aug 26	1	1	1
Tyco Force 5 -int	0.7	Oct 14	0.7	3.05	2.75
Victoria Carpet -fin	3.05	Oct 7	2.75	1.76	1.76
Wentworth Ind's -fin	1.75	1.75	1.75	1.75	1.75

*Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. USM stock. ‡Unquoted stock. †Third market.

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*Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. USM stock. ‡Unquoted stock. †Third market.

Boustead in £17m expansion move

BY CLARE PEARSON

Boustead, the once ailing overseas trader which has been restructured by new management over the last year, yesterday announced three UK acquisitions for a combined £17m.

These are the company's first purchases since Mr Michael Noakes, previously a divisional director of BTR, was brought in as chief executive last July.

Boustead is buying Camotech, a maker of automotive components, plastics and aircraft seats; JAMF, a supplier of floor cleaning products and accessories; and Porchbrand, a distribu-

tor of bearings and power transmission components.

The last company's operations dovetail with Boustead's existing UK interests in manufacturing and distributing industrial power transmission components.

Maximum number of Boustead shares which could be issued under the three deals would be 22.35m, or 37 per cent of the enlarged share capital.

Camotech, a Third Market company, is being bought for £9.5m in an eight-for-three share deal, which values the shares at 136p each. There is a cash alter-

native at 125.3p. On Thursday, Camotech's shares were suspended at 102p.

Boustead will satisfy the maximum consideration of £4.9m for a 78 per cent stake in Porchbrand, and the £2.6m cost of acquiring JAMF, with a mixture of shares, cash and loan stock. Both these companies are unquoted.

Camotech made pre-tax profits of £538,000 on £9.9m of turnover in the six-months to end-February, and forecasts £1.2m minimum for the full year. Powerbrand made £617,000 pre-tax on £4.4m turnover in the twelve

months to end-March, and in the year to September 30 1987 JAMF made £207,000 before tax on £1.8m of turnover.

Boustead expanded pre-tax profits to £1.38m (£980,000) in 1987 on turnover of £28.3m (£28.9m) as restructurings were carried out. Singapore operations turned round and some UK manufacturing interests put in a strong showing.

It has net cash of about £3.5m at the moment, and will be 26-30 per cent geared after the deals go through, Mr Noakes said.

J.P. & C. Ltd.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday July 14 1988, Wednesday July 13 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, USA, and World Index.

Base values: Dec 31, 1985 = 100; Financial Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Friday July 15 1988, and Highs and Lows Index. Rows include Capital Goods, Building Materials, Contracting, Electricals, Electronics, Mechanical Engineering, Metals and Metal Finishing, Motors, Other Industrial Materials, Petroleum, Food and Beverages, Food Retailing, Health and Household, Leisure, Packaging and Paper, Publishing and Printing, Stores, Textiles, Other Groups, Oil & Gas, Chemicals, Complements, Shipping and Transport, Telephone Networks, Miscellaneous, and All-Share Index.

ECONOMIC DIARY

TODAY: Union Cabinet hearing in Dhaka. COURTESY annual meeting, Bulgaria's Central Committee meeting in Sofia. MONDAY: Confederation of British Industry/Financial Times survey of distributive trades (June). Public sector borrowing requirement (June). Retail sales (June-provisional). European Community agricultural council starts two-day meeting in Brussels. European Community political co-operation council meets in Athens. US Democratic Party national convention opens in Atlanta (until July 21). The President of the Supreme Soviet is expected to meet in Moscow. Trade Policy Research Centre/Commonwealth Secretariat three-day conference at Lancaster House opens at which senior trade officials from Commonwealth countries and independent experts review progress in the Uruguay Round Negotiations. Mr Michael Moore, New Zealand Overseas Trade Minister, speaks on June 18, and Mr Shridath Ramphal, Secretary General of the Commonwealth, speaks on June 19. Mr Neil Kinnock, Leader of the Opposition, returns to Zimbabwe after visit to Mozambique. TUESDAY: Civil Aviation Authority publishes annual report. Association of District Councils makes statement on nuclear waste and radiation risks. COURTESY annual meeting, Bulgaria's Central Committee meeting in Sofia. WEDNESDAY: Index of production and construction for Wales (first quarter). London and Scottish banks sector borrowing requirement (June). Cyclical indicators for the UK economy (June). Provisional estimate of monetary aggregates (June). New construction orders (May). National Community political co-operation council meets in Athens. US Democratic Party national convention opens in Atlanta (until July 21). The President of the Supreme Soviet is expected to meet in Moscow. Trade Policy Research Centre/Commonwealth Secretariat three-day conference at Lancaster House opens at which senior trade officials from Commonwealth countries and independent experts review progress in the Uruguay Round Negotiations. Mr Michael Moore, New Zealand Overseas Trade Minister, speaks on June 18, and Mr Shridath Ramphal, Secretary General of the Commonwealth, speaks on June 19. Mr Neil Kinnock, Leader of the Opposition, returns to Zimbabwe after visit to Mozambique. THURSDAY: Institutional investment conference "1988: The New Europe - getting to grips with the competition" at Centre Point, London. IEA special lecture on "The state of the market" by Mr Nigel Lawson, Chancellor of the Exchequer, at OBEI Conference Centre, London. Solicitors meet on Piper Alpha disaster, compensation at Advocate Hall, Concert Court, Aberdeen. US Democratic Party convention in Atlanta commences. Launch of Ariane rocket in French Guiana. FRIDAY: Building societies monthly figures (June). Preliminary estimate of consumers' expenditure (second quarter-provisional). Finished steel consumption and stock changes (first quarter-final). US consumer price index (June), real earnings, budget statement.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks for various countries including USA, UK, France, Germany, Italy, Spain, and others.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various countries and currencies, including call and put options.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions across different regions.

GRANVILLE SPONSORED SECURITIES

Table listing sponsored securities with columns for High/Low, Company, Price, Change, Div, Yield, and P/E.

Advertisement for Nationwide Anglia Floating Rate Notes Due 1996, featuring a logo and details about the investment product.

FIXED INTEREST

Table showing fixed interest rates for various government and corporate bonds, including yields and prices.

Table showing constituent changes for various equity sectors and groups.

CONSOLIDATED RESULTS 1987

Advertisement for GIB Group Consolidated Results 1987, including a bar chart showing sales, cash flow, net profit, and net worth for 1986 and 1987.

MOBILE COMMUNICATIONS

Advertisement for Mobile Communications, offering classified advertisement rates and contact information for Stephen Dunbar-Johnson.

LG INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO.

INTERNATIONAL COMPANIES AND FINANCE

IBM announces healthy earnings rise to \$1.3bn

BY JANET BUSH IN NEW YORK

INTERNATIONAL BUSINESS Machines, the world's largest computer manufacturer, yesterday announced a healthy increase in second quarter net earnings...

Reaction on Wall Street to the company's share price was quoted 3 1/2 higher after the announcement at \$125 1/2. Analysts concluded that IBM had put in a good second quarter performance...

Many believe IBM's current valuation is quite moderate and in common with technology stocks in general, has looked cheap since the crash. IBM's share price remains well below its pre-crash high of \$172 1/2.

DG Bank in negotiations with Spanish institutions

BY PETER BRUCE IN MADRID AND HAIG SIMONIAN IN FRANKFURT

DEUTSCHE Genossenschaftsbank (DG Bank), the umbrella organisation for West Germany's co-operative banks, is poised to steal a major march on its leading French and Dutch counterparts...

likely to be called Banco Agrícola, would have 2,000 branches and would provide about 50 per cent of all agricultural credit made available in Spain.

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Bond wins goahead to lift stake in Bell

By Our Financial Staff

MR ALAN BOND yesterday moved to secure the proposed merger of his brewing and media companies with the Bell Corp...

Shares in Bell Group accounted for more than 10 per cent of all trading in Australia yesterday, rising 7 cents to A\$2.56 as Bond Corporation Holdings bid on its existing 18.9 per cent holding.

Bond is bidding A\$2.70 per share or upwards of A\$800m for Bell, and is likely after the day's rally to control nearly a quarter of the company.

Alan Friedman on the latest asset disposal by Italy's Ferruzzi group Problems pile up for Gardini

MR RAUL GARDINI, the head of Italy's Ferruzzi-Montedison group, as of yesterday, had an incredible number of difficult issues on his plate.

All sorts of questions have begun sprouting forth in the wake of the news that Montedison's financial services and retailing subsidiary - Iniziativa META - has agreed to sell its 70 per cent stake of Standa...

The restructuring plan, which was designed for Mr Gardini by Mediobanca, the Milan merchant bank, has come in for sharp criticism since it was announced six months ago.

Next insurance company. Following the Ferruzzi/META asset move, the unquoted Ferruzzi will take META's share listing in Milan.

The Ferruzzi/META deal has already been severely criticised by Milan analysts as an asset-stripping operation that rides roughshod over the interests of both Montedison's 10,000 small investors and the minority shareholders of META.

Mr Gardini is proposing to sell only weeks before the Ferruzzi/META deal is supposed to go ahead, and at a price more than five times the Standa book value listed in the Ferruzzi/META prospectus...



Raul Gardini: many difficult issues on his plate

fortnight, another important deal that is designed to reduce his Ferruzzi-Montedison group's combined debts of L11,000bn (\$8bn). The Ferruzzi/META deal should reduce borrowings, as will the Standa deal.

In the Montedison-Enichem deal, which will see Montedison transferring most of its base chemicals, fertiliser, artificial fibres and elastomers assets to the new Enichem venture...

It would seem, therefore, that Mr Gardini's various projects now need to be carefully re-assessed. The Ferruzzi/META deal may now be in doubt.

Week in the Markets

SUGAR TOOK the leading role in the London commodities scene this week as speculative activity drove world market values to the highest levels for seven years.

opening, they had to look elsewhere for action. And it was to the fundamentally bullish sugar market that many took their business.

US crop, sugar's accelerated advance over the last few weeks has been fuelled by strong physical buying, notably by China. Other countries buying physical sugar recently have included Iran, Iraq, Algeria and Egypt.

Interco chairman to propose restructuring

By Our Financial Staff

MR HARVEY Salzman, chairman and chief executive of Interco, the US clothing to general retailing group, said he intends to recommend a major restructuring of the company at its next board meeting...

NZ group sells Reuter holding

By Dai Hayward in Wellington

INDEPENDENT Newspapers (INL), the Wellington-based publishing group, has sold a parcel of Reuter shares for NZ\$18.8m (US\$12.2m) to raise funds for its long-term acquisition of the Auckland-based Star from the New Zealand News group.

World Commodities Prices

Cocoa prices built on the comparative strength of recent weeks with the September futures position climbing to \$1,050 a tonne at one stage, and market turnover scoring a record 19,482 lots on Thursday.

Table with columns: Commodity, Latest Price, Change on week, Year, High 1988, Low 1988. Includes Gold, Silver, Copper, Nickel, Zinc, etc.

Table with columns: Commodity, Close, Previous, High/Low, Ring turnover. Includes Aluminum, Copper, Lead, Tin, etc.

US Markets

IN CHOPPY and nervous trading, the grains and soybean complex opened lower than rallied back as the market assessed forecasts indicating the weather would be dry...

New York

GOLD 100 oz. \$394.00, Silver 100 oz. \$16.80, Platinum 100 oz. \$1,000.00, etc.

Chicago

SOYBEANS \$2.00, WHEAT \$2.00, LIVE CATTLE \$4.00, etc.

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil, etc.

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil, etc.

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Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil, etc.

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WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market activity including major indices like S&P 500, Dow Jones, and various sector indices.

NEW YORK (3 pm)

Table of New York active stocks with columns for stock name, price, and change.

NEW YORK

Table of New York indices including Dow Jones, S&P 500, and various sector indices.

CANADA

Table of Canadian stock market activity including major indices and active stocks.

Wall Street

US deficit figures lift \$ and markets

High tech issues were sold off due to anxiety over the trade data, investors bought up large capital stocks later in the day.

Canada

Stocks showed a slight gain in moderate trading and at midday the composite index was up 0.5 to 3432.3 on turnover of 18.8m.

Tokyo

A day of wide fluctuations ended with the Nikkei index slightly down. Investors initially tried to shrug off concerns ahead of the release of US trade figures but failed to keep up the momentum.

Frankfurt

A quiet session ended with modest gains as the rising dollar raised earnings prospects for West Germany's export-oriented industry.

Amsterdam

The stronger dollar combined with demand from the European Options Exchange, where July share options expired yesterday, to lift the Amsterdam market to a firmer close.

London

The FTSE 100 index closed at 1,193.90, down from 1,194.50 on Wednesday. The index was supported by a rise in the FTSE 250.

Paris

Trading was thin in Paris with many taking a long weekend following Thursday's Bastille Day holiday. However, the US trade figures, revealing a deficit lower than the houses had anticipated, brought a flurry of late activity and the left the market firmer.

Zurich

Investors remained on the sidelines in Zurich awaiting the US trade figures and the market closed little changed in fairly quiet trading.

Milan

Volume picked up near the close in Milan and the market closed slightly up, with the MIB share index rising five points to 1,054.

Madrid

Shares closed lower in Madrid after a dull session on the ahead of Spain's June inflation figure and the US trade deficit. The general index was 0.57 points lower at 2,948.

Hong Kong

Late short-covering by institutional investors ahead of the release of US trade data lifted the market off the day's low. The Hang Seng index finished down 12.25 points at 2,740.7.

Singapore

Continued speculative buying interest and bargain hunting fuelled a rise across the board in moderate trading.

Australia

The market reacted bullishly to a nine point rise in Wall Street overnight and shrugged off a drop in the Tokyo. The Straits Times industrial index rose 12.54.

South Africa

Interest centered on the Bell and Bond companies as the market closed its way to a firmer close for the first time in three days, although trading was fairly lacklustre.

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CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

Equities steady but Gilts turn easier

FOREIGN EXCHANGES

Trade figures boost dollar

THE DOLLAR switched into overdrive after yesterday's release of US trade figures for May, brushing aside coordinated central bank intervention which included dollar sales by the US Federal Reserve.

The May shortfall of \$10.98bn, compared with a revised \$10.3bn deficit in April, was generally a little better than most expectations, and coming on top of Thursday's increase in US prime rates, pushed the dollar to its best level against the D-Mark since August last year.

Dealers stressed that the reaction to yesterday's mildly encouraging trade figures underlined the dollar's strength and although central bank intervention may have discouraged a break to even higher levels, there was little the authorities could do to stop a sudden flurry of short covers as the figures had been announced.

The contraction in the trade deficit meant that the US Fed had more room to manoeuvre in keeping inflation under control. The argument ran that interest could be increased, if necessary, without damaging economic growth. Concern about inflation was highlighted to some extent by yesterday's consumer price index, which showed an annualised increase so far this year of 3.6 p.c. compared with 2.2 p.c. for the whole of 1987.

The dollar closed at DM1.8760 from DM1.8470 and Y135.25 compared with Y135.15. Elsewhere it rose to SF1.5645 from SF1.5315 and FF8.3250 compared with FF8.2825. On Bank of England figures, the dollar's exchange rate index rose from 98.1 to 99.4. The dollar broke through the Y135 level with little trouble, although traders were a little unsure about how far the year

would be allowed to depreciate. The Bank of Japan retained but withdrew under pressure in the afternoon to finish at 74.6 on its exchange rate index down from 74.9 at the opening and 75.1 on Thursday. The softer tone was principally a dollar movement, since the pound finished unchanged against the D-Mark and yen at DM2.1200 and Y235.00 respectively. Thursday's encouraging economic data improved sentiment while yesterday's further increase in the rate of inflation suggested that interest rates were more likely to be pushed firmer.

The pound fell to \$1.6635 from \$1.6895, its lowest level since October last year. Elsewhere it finished at SF2.5650 from SF2.5875 and FF10.5200 from FF10.5300.

£ IN NEW YORK

Table with columns: July 15, Latest, Previous. Rows: 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: July 15, Latest, Previous. Rows: 100, 100, 100, 100, 100, 100.

CURRENCY RATES

Table with columns: July 15, Bank, Market, Previous. Rows: Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: July 15, Bank, Market, Change. Rows: Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with columns: July 15, £, \$, DM, etc. Rows: Argentina, Brazil, Canada, etc.

MONEY MARKETS

Pressure for base rate rise

INTEREST RATES ROSE sharply in London yesterday, discounting a further half point increase in base rates. Another rise in UK inflation to an annual rate of 4.6 p.c. added to Thursday's comments by Mr Nigel Lawson, the UK Chancellor, when he expressed his dissatisfaction at the recent increase in the cost of living. A further body blow was provided by the announcement of US trade figures for May, which underlined a feeling that the year on year deficit was set to narrow. This boosted the dollar and the pound slipped lower.

The key three-month interbank rate moved up to 10 1/4-10 1/2 p.c. from 10 1/8-10 3/8 p.c. while the one year rate was higher at 13 1/2-14 p.c. from 10 1/2-10 3/4 p.c. Weekend

UK clearing bank base lending rate 10 per cent from July 4

money touched a high of around 9 1/2 p.c. but slipped away to British at 7 1/2 p.c.

The Bank of England forecast a shortage of around £1,350m with factors affecting the market including, repayment of any late assistance and bills maturing outside official hands, together with a take up of Treasury bills adding £32m. This was more than offset by Exchequer transactions which drained £50m, and a rise in the note circulation of £350m. In addition banks brought forward balances £25m below target. The Bank offered an early round of assistance, to help alleviate the shortage, and bought bills worth £1,250m. These comprised £3m of eligible bank bills in band 1, and in band 2 25m of Treasury bills, £130m of local authority bills at 9 1/2 p.c. It also bought £120m of eligible bank bills in band 3 at 9 1/4 p.c. in band 4 it bought £133m of Treasury bills and £45m of local authority bills at 9 1/2 p.c., and £74m of eligible bank bills at 9 1/4 p.c.

FOUND SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: July 15, Day's spot, One month, Three months, Six months, One year. Rows: US, West Germany, France, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: July 15, Day's spot, One month, Three months, Six months, One year. Rows: West Germany, France, Italy, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: July 15, Short term, 7 days, One month, Three months, Six months, One year. Rows: Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: July 15, £, \$, DM, etc. Rows: £/\$, £/DM, etc.

FT LONDON INTERBANK FIXING

Table with columns: 01 00 a.m. July 15, 3 months US dollars, 6 months US dollars. Rows: 3 months, 6 months.

MONEY RATES

Table with columns: NEW YORK, Treasury Bills and Bonds. Rows: 1 month, 3 months, 6 months, 1 year.

LONDON MONEY RATES

Table with columns: July 15, Overnight, 7 days, One month, Three months, Six months, One year. Rows: Interbank Offer, etc.

LONDON MONEY RATES

Table with columns: July 15, Overnight, 7 days, One month, Three months, Six months, One year. Rows: Interbank Offer, etc.

Account Dealing Dates

Table with columns: First Dealings, Last Dealings, Day. Rows: Jul 4, Jul 14, Jul 25, Aug 5, Aug 15, Aug 25.

RENEWED CONCERN over the outlook for domestic interest rates unsettled the UK securities markets yesterday, counterbalancing a generally favourable response to the nervously-awaited data on both US trade and domestic retail prices.

The short end of the gilt-edged market fell by about 1/4, indicating fears that base rates could be forced higher again in the near future. The long dates ended nearly 1/2 point down.

The yield on the benchmark short Gilt, Treasury 1 1/4 per cent, jumped from 10.12 per cent overnight to 10.21 per cent, a significant shift in interest rate perceptions, according to one leading trader. The bond market's concern was prompted by sharp rise in London money market rates.

The market is now focusing on the prospects for the latest UK Public Sector Borrowing Requirement, due on Monday, and followed on Wednesday by June Money Supply statistics.

Equities opened sharply down as interest rate concerns were joined by a re-run of the old rumour that the Kuwait Investment Office (KIO) might pull out of UK stocks if it's 23 per cent BP stake comes under Monopolies Commission attack.

While the rumours were never taken seriously, the market's response was aggravated by some buying of Put options in the Options market and by hints that a major house was trying to sell leading stocks.

However, the market rallied quickly as first the UK retail price data, and then the US trade deficit announcement, flashed across the trading screens.

The gain of 0.4 per cent in UK June retail prices, a year on year rise of 4.6 per cent, was only a shade above City forecasts. Washington's disclosure of a \$10.98bn unadjusted deficit on US trade in May was also well inside the range of predictions.

The dollar's strength boosted US and export-oriented stocks. The late recovery in share prices left the market showing a

FINANCIAL TIMES STOCK INDICES

Table with columns: July 15, July 14, July 13, July 12, July 11, Year Ago. Rows: Government Sec, Fixed Interest, Ordinary, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0998 123001

meagre gain of 33 FT-SE points over the two week trading. Account which closed yesterday. The first week saw equities making ground after base rates moved up to 10 per cent, regarded as a level comfortably in line with sterling. But base rate worries have been revived by the latest UK data which suggests a buoyant economy.

The sensation of the market-place was the return to trading of British Aerospace following the board's agreement to proceed with the takeover of Rover Group after the final discussions in Brussels.

After re-opening sharply below the pre-suspension price, Aerospace shares then soared ahead as the company put its case to City analysts.

British Aerospace took pride of place as the most actively traded stock when dealings resumed yesterday following the group's decision to go ahead with the takeover of Rover, the UK car group. Around 4m shares were traded in the first half-hour of business, with the final total amounting to 18m.

Dealers marked BAE shares down sharply at the opening from the suspension level of 471p to 450p as the market anticipated a big two-way trade ensued before some aggressive buying took the share price strongly ahead to close at 490. Analysts were pleased with the revelation of further details on the deal which are expected to benefit BAE and export-oriented stocks.

Some quarters also believed that the recent Saudi Arabian arms agreement had been undervalued. Yule & Valer rose strongly in late trading after a fresh wave of rumours surfaced through the market. Mr Michael Montague, chairman of Y&V, confirmed that US company Ingersoll Rand had telephoned him on Thursday to inform him that it held a stake, apparently below the declared 5 per cent limit. Montague said Y&V had been about to uncover the stake via the purchase undertaken to identify nominee buyers of its shares. This came

LONDON TRADED OPTIONS

Large table with columns: Option, Calls, Puts, etc. Rows: Allied Lines, B&A, etc.

recall sales figures for June - up 0.4 per cent - helped boost Stores stocks after interest rate worries prompted a wave of early selling. Stead & Simpson dropped 5 to 113p ahead of today's final deal line on the Claydon bill, which dealers expect to fall.

"New-time" buying pushed Storeshouse up a penny, while volume in Sears failed to maintain the giddy heights of earlier in the week, but still reached a respectable 6.7m. Good two-way business left Sears a halfpenny better on 125 1/2p. After Wednesday's disappointing figures, Dixons closed unchanged on 165p despite the attractions of (relatively) positive notices from analysts at Morgan Stanley, Hoare Govett and Citicorp Scrimgeour Vickers. Best performer of the day was Next, 4 firmer at 259p.

Royal shares made good early progress and touched 945p at one point before settling a net 1p up at 850p on news that the forthcoming £2 bn flotation of Vodafone will be given favourable treatment by the Inland Revenue.

Talk in the market yesterday suggested the details of the proposed flotation of the 20 per cent stake in Vodafone should emerge next Thursday during a presentation to institutions by Hoare Govett, brokers to the issue.

The mood of the electronics issues were well off their best levels at the close. BICC continued to make progress and moved up 4 more 300p, still buoyed by the major buy order issued on Thursday by Citicorp Scrimgeour Vickers. BSR, which earlier in the week announced it was involved in merger talks, fell back 2 to 99p. Talk of strong buying of the shares following a City of London auction and also following the US acquisition of Flessey 1 1/2 to 171p. Ferranti attracted turnover of 7.8m shares but held at 88 1/2p despite a generally favourable response to the preliminary figures. Some heavy selling of GBV was well taken and the stock held at 159p after turnover of 7.8m.

The building sector ended the week on an extremely quiet note. Claxton, reducing its liquidation of GBV, was well taken and the stock held at 159p after turnover of 7.8m. The building sector ended the week on an extremely quiet note. Claxton, reducing its liquidation of GBV, was well taken and the stock held at 159p after turnover of 7.8m.

The oil and gas sector was very much under pressure despite a rally in crude oil prices. Suggestions that oil prices could well dip off to as low as \$11 a barrel were highlighted. Some heavy selling in the sector. BP "old" settled 2 off at 265p while the "new" fell to 50 1/2p before closing a penny down at 60 1/2p. Turnover in the two stocks was 3.2m and 3.2m respectively. The AGM is scheduled for July 27. BCI gained 1 to close at 210p, while Glaxo improved 3 to 99p.

BAT Industries fell 6 to 424p on news from Oregon coincided with the second closure of acceptance of its offer for Farmers. BAT Wilmshurst was steady with 25p. Now has 31 per cent of acceptance and dealers speculated that it might consider dropping its bid in view of legal delays. Hanson rose 2 to 145 1/2p in turnover of 5.1m shares. BOC gained 5 to 419p, the shares go ex-dividend on Monday.

Paper and packaging firm Tinsley Robor survived a distinctly off-colour start to the day's trading to close at 69p, a 4p premium on the placement and starting price of 52p. The company is best known for manufacturing inner sleeves and covers for gramophone records.

The clearing banks were no better than market, but weaker. While Glasgow-based James Finlay were pushed a points higher to 105p by renewed bid speculation. Business was brisk if uninspiring in Trading Options, with dealers waiting for a further advance of the US trade figures and the end of the account. Overall, 24,194 contracts were logged, of which 17,575 were calls and 6,619 puts. Start of the day by far was British Aerospace, boosted by 25p. The day was traded, and 753 puts.

International stocks were marked down in advance of the US Trade figures, but recovered after the announcement to close slightly above opening levels. The best performer of the day was Bechem which rose 5 to 479p. Dealers said the stock had been well bought over the week. Bechem's AGM is scheduled for July 27. BCI gained 1 to close at 210p, while Glaxo improved 3 to 99p.

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Traditional Options

First Dealings July 11
Last Dealings July 15
Last Dealings Oct 18
For Settlement Oct 14

For sale indications see end of London Share Service

Stocks to attract money for the call included Bank of Ireland, Scottish and Newcastle, Cannon Street Investments, Walker Greenham and Sheraton Securities. No calls were reported but double options were transacted in Royal and Ferranti.

NEW HIGHS AND LOWS FOR 1988

AMERICAN (A) CHANGEMAN (C) BANKS (B) BOND (D) CASH (E) COMMODITIES (F) CRYPTOCURRENCY (G) ENERGY (H) EQUITIES (I) FOREIGN EXCHANGE (J) FUTURE (K) GOLD (L) INDEX (M) INTEREST (N) INVESTMENT (O) LEASING (P) LIQUIDITY (Q) MORTGAGE (R) OIL (S) PAPER (T) PROPERTY (U) RESEARCH (V) SERVICES (W) STOCKS (X) TRADING (Y) UTILITIES (Z) VENTURE (AA) WARRANTS (AB) WEATHER (AC) WIRELESS (AD) YACHTS (AE)

LONDON STOCK EXCHANGE

DEALINGS

Details of business done above below have been taken with consent from the Stock Exchange Official List and should not be reproduced without permission.

Corporation and County Stocks

London County Council 1989-90 (1989) 10% Debentures £100 £100 100/10

UK Public Bonds

Government of the United Kingdom 1988-89 (1988) 10% Debentures £100 £100 100/10

Commonwealth-Government

Commonwealth Development Finance Corporation 1988-89 (1988) 10% Debentures £100 £100 100/10

Foreign Stocks, Bonds, etc.

Foreign Stocks: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Building Societies

Building Societies: National Amalgamated Building Society 1988-89 (1988) 10% Debentures £100 £100 100/10

Registered Housing Associations

Registered Housing Associations: National Amalgamated Housing Association 1988-89 (1988) 10% Debentures £100 £100 100/10

Commercial, Industrial, etc

Commercial, Industrial, etc: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Sterling issues by Overseas Borrowers

Sterling issues by Overseas Borrowers: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Banks & Finance

Banks & Finance: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

International Public

International Public: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Financial

Financial: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Insurance

Insurance: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Investment Trusts

Investment Trusts: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Financial Trusts, Land, etc

Financial Trusts, Land, etc: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Mines - Miscellaneous

Mines - Miscellaneous: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Mines - South African

Mines - South African: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Oil

Oil: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Foreign

Foreign: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Insurance

Insurance: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Investment Trusts

Investment Trusts: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Financial Trusts, Land, etc

Financial Trusts, Land, etc: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Mines - Miscellaneous

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Property

Property: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Foreign

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Insurance

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Investment Trusts

Investment Trusts: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Financial Trusts, Land, etc

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Oil

Oil: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

Property

Property: Anglo-American 1988-89 (1988) 10% Debentures £100 £100 100/10

AGRICULTURAL SUPPLY INDUSTRIES

THE FINANCIAL TIMES

6th September 1988

For a full editorial synopsis and advertisement details, please contact:

Mark Jones

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FINANCIAL TIMES

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abstract Management, and others, with columns for name, manager, and other details.

Table listing unit trusts under the heading 'LEADERS AND LAGGARDS', showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'RISES AND FALLS', showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'BANK RETURN', showing banking department performance.

Table listing unit trusts under the heading 'LEADERS AND LAGGARDS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'RISES AND FALLS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'BANK RETURN' (continued), showing banking department performance.

Table listing unit trusts under the heading 'BANK RETURN' (continued), showing banking department performance.

Table listing unit trusts under the heading 'LEADERS AND LAGGARDS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'RISES AND FALLS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'BANK RETURN' (continued), showing banking department performance.

Table listing unit trusts under the heading 'BANK RETURN' (continued), showing banking department performance.

Advertisement for COATINGS & PAINTS, featuring the Financial Times logo and contact information for Brian Heron.

Table listing unit trusts under the heading 'LEADERS AND LAGGARDS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'RISES AND FALLS' (continued), showing percentage changes since December 31, 1987.

Table listing unit trusts under the heading 'BANK RETURN' (continued), showing banking department performance.

GUIDE TO UNIT TRUST PRICING: A section explaining the methodology used for unit trust pricing, including details on bid and offer prices.

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FT UNIT TRUST INFORMATION SERVICE

Handwritten note: July 16/88

INSURANCES

Table listing various insurance and unit trust products, including company names, descriptions, and prices.

Table listing insurance products from AA Priority Society, AA Life Assurance Co Ltd, and other providers.

Table listing insurance products from British National Financial Services, Commercial Union Group, and others.

Table listing insurance products from Continental Life Insurance PLC, Crown Financial Management Ltd, and others.

Table listing insurance products from General Accident Life Assurance, General Purposes Life Ins. Plc, and others.

Table listing insurance products from Hill Samuel Life Assn. Ltd, Hill Samuel Life Assn. Ltd, and others.

Table listing insurance products from London & Westminster Assur. Ltd, London & Westminster Assur. Ltd, and others.

Table listing insurance products from National Mutual Life Assurance, National Mutual Life Assurance, and others.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including various investment funds and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

MANAGEMENT SERVICES

Table listing management services provided by various firms, including names and contact information.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas financial services, including fund names and details.

OFFSHORE INSURANCES

Table listing offshore insurance services, including company names and descriptions.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

July 16/88

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

Table of LONDON SHARE SERVICE, including sections for BRITISH FUNDS, FOREIGN BONDS & RAILS, and AMERICANS.

Table of Money Market Trust Funds, listing various trust funds with columns for Name, Type, and other details.

LONDON SHARE SERVICE

AMERICANS—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like Trans World Corp, IBM, etc.

CANADIANS

Table with columns: Stock, Price, % Chg, etc. Includes entries like Canadian Pacific, Alcan, etc.

BANKS, HP & LEASING

Table with columns: Stock, Price, % Chg, etc. Includes entries like Bank of Montreal, Royal Bank, etc.

BEERS, WINES & SPIRITS

Table with columns: Stock, Price, % Chg, etc. Includes entries like Carlsberg, Heineken, etc.

BUILDING, TIMBER, ROADS

Table with columns: Stock, Price, % Chg, etc. Includes entries like Balfour Beatty, Bovis Lend Lease, etc.

BUILDING, TIMBER, ROADS

Table with columns: Stock, Price, % Chg, etc. Includes entries like Bovis Lend Lease, Balfour Beatty, etc.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, % Chg, etc. Includes entries like ICI, British Petroleum, etc.

DRAPERY AND STORES

Table with columns: Stock, Price, % Chg, etc. Includes entries like Debenhams, Marks & Spencer, etc.

ELECTRICALS

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Electric, General Electric, etc.

ENGINEERING—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Leyland, Rover, etc.

FOOD, GROCERIES, ETC

Table with columns: Stock, Price, % Chg, etc. Includes entries like Asda, Sainsbury, etc.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Chg, etc. Includes entries like Whitbread, Carlsberg, etc.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INDUSTRIALS (Misc.)—Contd

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Petroleum, ICI, etc.

INSURANCES

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Overseas, etc.

LEISURE

Table with columns: Stock, Price, % Chg, etc. Includes entries like British Overseas, etc.

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LONDON SHARE SERVICE

Handwritten text: JPH/10/12

LEISURE - Contd. Table listing various leisure companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper, printing, and advertising sectors.

TEXTILES - Contd. Table listing various textile companies.

TRUSTS, FINANCE, LAND - Contd. Table listing companies in the trusts, finance, and land sectors.

OIL AND GAS - Contd. Table listing companies in the oil and gas industry.

MINES - Contd. Table listing various mining companies.

MOTORS, AIRCRAFT TRADES. Table listing companies in the motor and aircraft trades sectors.

PROPERTY. Table listing various property-related companies.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing companies in the trusts, finance, and land sectors.

OVERSEAS TRADERS. Table listing companies that trade overseas.

PLANTATIONS. Table listing plantation companies.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PROPERTY. Table listing various property-related companies.

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PLANTATIONS. Table listing plantation companies.

NOTES. A section containing detailed notes and footnotes regarding the data presented in the tables.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

TRADITIONAL OPTIONS. Table listing traditional options and 3-month call rates.

A selection of options traded is given on the Stock Exchange Board page. This service is available to every Company...

CLENCH STRATEGY LIMITED CORPORATE MARKETING INVESTOR & PRESS RELATIONS

FINANCIAL TIMES

Weekend July 16/July 17 1988

Royal Brandy THE FINEST ENGLISH FULL LEAD CRYSTAL

THE LEX COLUMN

Soviet ministers reject tax on private sector

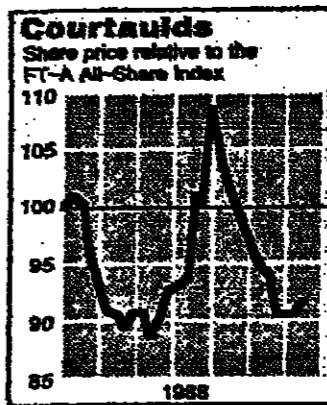
BY QUENTIN PEEL IN MOSCOW CONTROVERSIAL plans to impose tough income and turnover taxes on the emerging private sector in the Soviet Union have been thrown out for the second time in two months...

ative enterprises on a par with state industry. Mr Ryzhkov encouraged the observers to speak out, and unleashed a welter of criticism that the taxes would drive businesses back into the black economy and discriminate against exactly the sort of enterprise Mr Mikhail Gorbachev, the Soviet leader, is seeking to encourage...

their expense, with no thought for the effects of such a policy tomorrow. The aim of the package was clearly to restrain the new enterprises from what is seen popularly as exploitation - charging high prices for goods and services in short supply, and paying big incomes to their employees.

Interesting times once more

FT Index rose 0.8 to 1497.5



Although London had braced itself yesterday for the US trade figures, the shock came from quite another quarter. The half point rise in domestic money market rates, to 10 1/2 per cent, implies that rumours of a full point rise in base rates are being taken seriously...

BAT ability to manage Farmers questioned

By Nick Bunker

INSURANCE regulators in Oregon have grave doubts about the ability of BAT Industries to manage its bid target Farmers Group, the US insurer, without damaging policyholders, according to a ruling released by the state this week.

Courtaulds' woodpulp interests sold to consortium for £207m

BY MAGGIE URRY IN LONDON AND JIM JONES IN JOHANNESBURG

COURTAULDS, the chemicals, textiles and fibres group, is raising £207m in cash from the sale of its South African and Swazi woodpulp interests to a consortium led by Sappi, the largest pulp and paper group in South Africa.

share of Usutu Paper in Swaziland employing 2,700 people. The division made an operating profit of \$53m on sales of £105m in the year to March 1988, respectively 15 per cent and 4 per cent of the group totals. The net assets are valued at £34m.

Ulster's electricity 'privatised' by 1991

By Our Belfast Correspondent

THE GOVERNMENT intends to privatise Northern Ireland's electricity industry in the next two to three years, it announced yesterday. It has also authorised the expansion of oil and coal-fired generating plants in the province.

the Kilroot power station near Carrickfergus. County Antrim, will be completed at an estimated cost of £150m to use either coal or oil depending on fuel prices. This was the scheme strongly favoured by Northern Ireland Electricity.

Whether the full point club will actually be welded is another matter. The Treasury plainly views the inflation outlook with increasing alarm, and if the money supply figures later next week turn out as bad as the market fears, there would be some in getting the blow in early rather than reacting to events. There is, however, the old problem of the currency. The renewed strength of the dollar in response to yesterday's trade figures means that sterling now looks comfortably weak on a trade-weighted basis, but there is still the chance of a rise in German interest rates. It seems clear that UK official policy is for further tightening, but to trigger another uncontrollable rise in the D-Mark would be needlessly embarrassing.

placed to buy something big. However, as the difficulty of finding suitable companies at suitable prices has been the main constraint on its acquisitions so far, the disposal does not in itself force the pace. The market's somewhat muted response to all this yesterday might have been because of the infinitesimal earnings dilution involved, but was more likely to be end-of-account apathy.

Yale and Valor annual meeting postponed in ex-director dispute

BY CLAY HARRIS

A DISPUTE involving a former director yesterday forced Yale and Valor, the UK locks and household appliances group, to postpone its annual meeting, originally scheduled for next Wednesday, until September 1.

For the present Sappi is little affected by the deal. At present the company's plantations provide only one quarter of its mills' needs.

the deal gives it added protection and marketing opportunities. Ownership of the Swazi pulp mill could also give preferential access to the EC market.

Mr Desmond said: "We are deeply disappointed that our proposal having emerged as a clear winner in the private sector - the Government's decision is for a project totally outside the ambit of the original competition."

BAT/Farmers

The claim that the interests of every insurance-buying Oregonian could be jeopardised if BAT were allowed to buy Farmers may sound fairly ludicrous outside the Pacific north-west. But the Oregon state insurance commissioner has produced some powerful evidence to back his case; and one can scarcely question the quality of his sources, many of whom are either senior management figures from BAT or consultants engaged by the company.

British Aerospace

If recent weeks have proved anything about British Aerospace, it is that its management should never be underestimated. BAT's shares were bound to open lower yesterday after their suspension, and the company could have been forgiven for taking a well-earned rest. Instead, it tackled a series of analysts' briefings in such ebullient form that a 6 per cent fall in the shares was promptly translated into a 5 per cent rise.

BERKELEY GOVETT & COMPANY LIMITED

Table with 3 columns: Financial Metric, Amount, Change. Includes Revenues US \$23.5m +37%, Pre Tax Profit US \$17.8m +29%, Earnings per Share 18.0 cents +27%, Interim Dividend per Share 5.0 cents +25%.

Table titled 'CHIEF LONDON PRICE CHANGES YESTERDAY' listing various stocks and their price changes in pence.

Table titled 'WORLDWIDE WEATHER' showing weather forecasts for various cities including Accio, Algiers, Amsterdam, Athens, Bahrain, Barcelona, Bilbao, Bogota, Buenos Aires, Caracas, Cairo, Chicago, Cologne, Copenhagen, Curitiba, Dallas, Dublin, Edinburgh, Frankfurt, Geneva, Glasgow, Hong Kong, Istanbul, Jakarta, Lima, London, Lyons, Madrid, Manila, Mexico City, Moscow, Ottawa, Paris, Perth, Rome, Santiago, Singapore, Stockholm, Taipei, Toronto, Vancouver, Washington, Wellington, Zurich.

Bae shares Continued from Page 1 injection originally planned by the UK Government. Mr Stephen Bann, automotive analyst at Phillips and Drew, the stockbroker, forecast full-year pre-tax profits for Rover of £53m this year and £100m next. "We think BAE has a very satisfactory deal," he said.

Kleinwort Continued from Page 1 WAA and the Environment Department is that it will inevitably take some time for fresh advisers to become fully conversant with the complexities and politics of the industry.

Dollar throughout the New York morning session and New York currency dealers estimated that the Bundesbank alone sold as much as \$400m in New York. In London, the dollar ended at DM1.876 against the D-Mark after closing at DM1.8470 on Thursday.

Continued from Page 1 Dollar "A strong first half, diversified earnings sources, new fund initiatives, and key staff additions suggest that 1988 will be a very satisfactory year for Berkeley Govett and its shareholders."

Chairman Arthur I. Truogor To obtain a copy of the 1988 Interim Report contact Dr. Jay B. Morrison, Chief Financial Officer on 0534 38576.

WEEKEND FT

Weekend July 16/July 17 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

THE NASSAU policeman, sweating profusely in his immaculate white starched tunic, had strong views about the state of the nation, expressed in a form of streetwise philosophy that seems to come easy to the Bahamians.

"The trouble with the Bahamas' reputation for Paradise is that everyone wants to shake the tree and one day the apple is going to fall off."

The Bahamas has earned itself idyllic names such as "The Blue Isles" and the "Fortunate Islands" and annually 5m visitors a year, half the entire Caribbean tourist trade. But as Bahamians celebrate their fifteenth anniversary of independence this week, this reputation is being shaken.

It is still a rich person's playground, feeding off North America's leisure money, which can afford to maintain little-used million-dollar mansions with beachfront views hidden behind lush gardens. The islands have also been quick to catch the burgeoning cruise market. Four or five cruise ships are berthed at any one time in Nassau harbour, reducing to minuscule scale the coral rock and clapboard colonial buildings of the historic centre. Day trippers in uniform shorts and T-shirts have taken over once-staid Bay Street, treating it like some Caribbean Disneyland, but the charm remains.

It is still also possible to find paradise in the Bahamas, if that is shorthand for basking on virgin white sand and swimming in crystalline emerald sea among exotic tropical fish. There is plenty of empty space on the 700-odd cays and islands, many of which are deserted or virtually uninhabited.

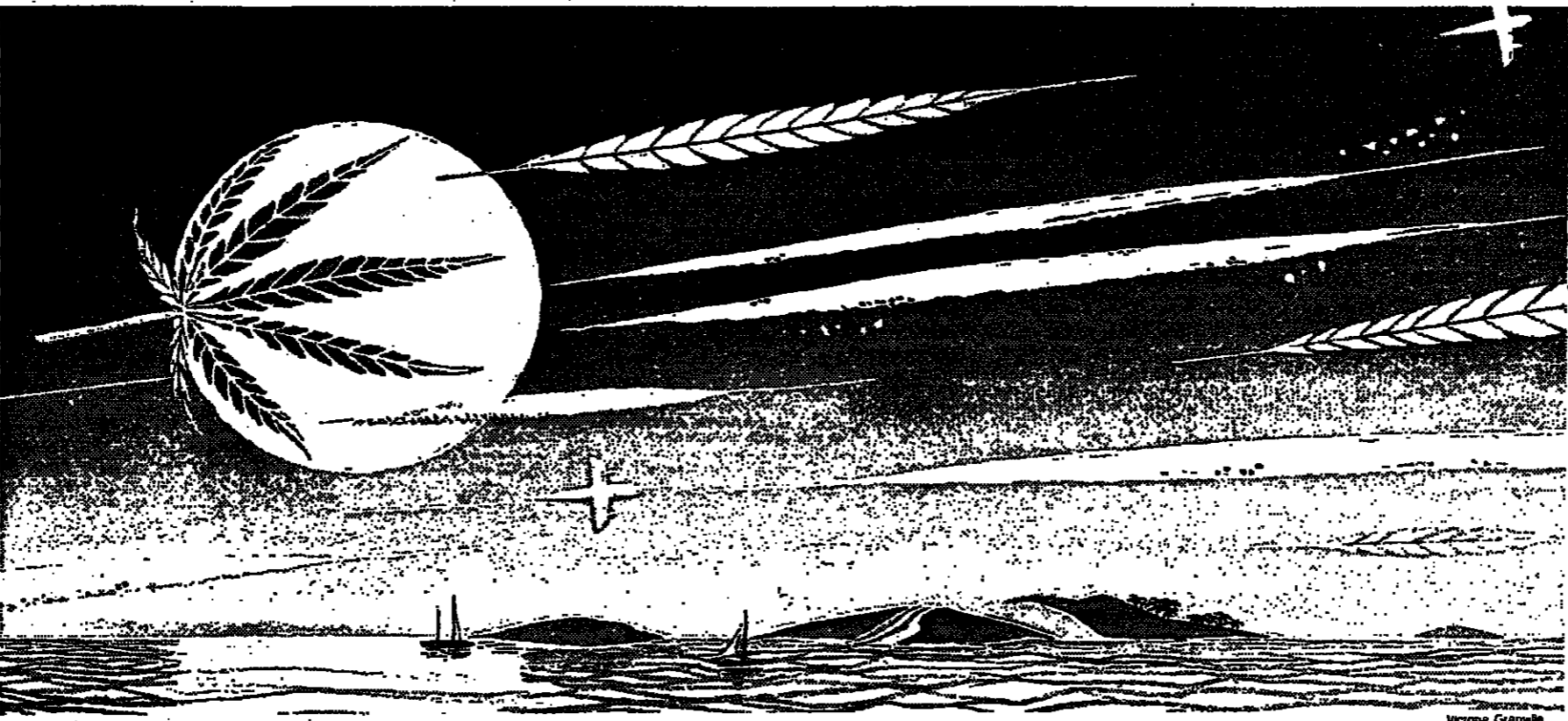
But over the past ten years the isolated cays have attracted a new type of visitor: drug traffickers. Drug trafficking has cast a blight on the nation's idyllic society reared on fundamentalist Christianity has been corrupted by drug money. The presence of drugs has caused a serious addiction problem - a minimum of 5,000 addicts in a population of 250,000 - and has spawned a growing wave of drug-related violent crime.

Offences against property have almost doubled in five years and the jails are so full that the authorities are considering the repatriation of foreign prisoners. The smiling Bahamian on the travel brochure has for many an unfortunate tourist metamorphosed into the mugger.

The drug issue has so poisoned an otherwise model relationship with its powerful neighbour, the US, that the Bahamas Government recently felt obliged to publish an open letter to the people of America. Somewhat hushed, proud, the letter described the Bahamas as "the most successful small nation on this earth" and went on to say: "Our people are healthy, we have no ethnic or racial divisions, we have complete freedom of worship, we have an open and vigorous parliamentary democracy, we have absolute press freedom, we have no political prisoners, we have no debt problems, we are at peace with every nation; there is no class warfare; we have a sound and sophisticated private enterprise economy; our nation is beautiful; our people are proud."

Discounting the hyperbole, much of this is true and reflects genuine achievements since independence. One of these is a multiracial society for which much credit must go to the Prime Minister, Sir Lynden Pindling, the son of a Jamaican policeman, who qualified at the Bar in London and

The Bahamas' idyllic tourist image is coming under increasing threat from a growing undercurrent of drugs-related violence and corruption as gangs of smugglers use the islands as a trading-post to the US street market, reports Robert Graham



A bad trip in Paradise

who led the country to independence. "Society is not as equal as I would like, but we have come a long way," says Sir Lynden, who prides himself as the longest-serving elected leader in the Western hemisphere.

However, such achievements are obscured by the unfortunate consequence of a geography which Columbus first found in 1492. The Latin American drug barons have taken advantage of the Bahamas' strategic location close to Florida as a staging post to smuggle cocaine and marijuana into the US. As much as two-thirds of all cocaine entering the US transits the Bahamas. According to Paul Adderley, the Bahamas Attorney General, this year up to 120 tons of cocaine could pass through the islands, with under 10 per cent interdicted.

Even with US assistance and sophisticated technology, policing is hopelessly stretched to cover the Bahamas chain that fans out off the Florida coast more than 750 miles into the Atlantic. This far-flung chain of islands served as an ideal refuge for pirates, for gun-running during the American Civil War and then, under US Prohibition, was tailor-made for bootlegging. Some of the islands' nomenclature is suggestive of this past - Gun Cay, Fortune Island, Bum Cay, Gold Cay, Hole in the Wall.

Today the islands serve as airpits to refuel light aircraft flying in from Colombia en route for southern Florida, or

as transshipment points from aircraft to high-speed motor boats. The operation is swift and simple. All the drug-traffickers need are a few willing hands to work for as little as 15 minutes, and for someone in authority to look the other way. Even that is not always necessary because the shipments are frequently gone before anyone knows. When as much as \$100,000 is handed out to Bahamians for such a quick operation, it is not surprising that there are takers, dubbed "facilitators" by the police.

Reading from a newspaper report in the Daily Express of 1926 of run-running from the Bahamas, there are remarkable parallels in the cat and mouse game played by police and smugglers. "Government statistics just published in Washington show that the US has 3,500 officials with 390 vessels and five seaplanes to resist the run-runners. Enforcement costs \$2.6m a year. In six years since Prohibition, 49 officials have been killed and five wounded in fights with run-runners. In the same time 839 boats have been seized, but the traffic still goes on."

There is, however, an essential difference today. The police are infinitely greater, the network more extensive, and the power of the drug barons correspondingly more substantial. When cocaine is being retailed at street prices in the US of \$90 to \$120 (£47 to £70) a gramme, paying the

"facilitators" is the equivalent of a tip from the pockets of the ruthless gangs behind this business.

The impact of this kind of money has been widespread, especially among a new class of black Bahamians, who at first treated such windfall wealth with a certain innocence. The Government's attention was elsewhere. Sir Lynden was grappling with Bahamas' new-found role as a sovereign nation with a black majority government. "No-one had the remotest idea of what was really going on," says Adderley, referring to the late 1970s, when the Colombians first started buying properties conveniently located on cays close to the Florida coast. "Besides, as a community we have been long used to seeing rich foreigners build hideaway homes and no-one asked too many questions."

When the US began to complain about the extent of the drugs trade and its corrupting effect in the higher echelons of government, the first reactions were nationalistic: here was a large neighbour trying to dictate how to behave in a manner that smacked of colonialism. Bahamians are acutely conscious of being treated as an appendage of the US, and are constantly torn between close ties with the American mainland and the sentimental link of Queen and Commonwealth. The US nearly acquired the islands after the First World War to help settle Britain's war

debts. The Prince of Wales stepped in and said: "His Majesty's subjects are not for sale."

Against such a background, relations with the US have been testy, at times acrimonious. US pressure on Sir Lynden has tended to be counter-productive and the problems arising from the drug business consequently festered.

Matters came to a head in 1984 when Sir Lynden felt obliged to call in a Royal Commission of Inquiry to examine corruption caused by the drugs trade. The Commission's report revealed just how deeply corruption had penetrated among policemen and politicians, including the assistant commissioner of police and two members of the Cabinet.

Questions were also raised about the finances of Sir Lynden and his wife Lady Marguerite. The report commented: "The Prime Minister and Lady Pindling have had expenditure of at least eight times as much as the Prime Minister's salary during the period under review. That is to say that, during the period from January 1 1977 to December 31 1983, the Prime Minister has earned approximately \$500,000 and has spent in excess of \$4m." Much of this expenditure related to the construction of a large mansion on a fashionable ridge outside Nassau.

Despite these embarrassing questions, Sir Lynden has refused to answer before parliament details about his finances. He

is a formidable politician: dominating his opponents through a clever mix of canny populism and political manoeuvring, the opposition has been brow-beaten into something approaching silence. Calls for his resignation have been brushed aside and he successfully warded off a challenge during the 1987 elections, which were fought on the issue of the Royal Commission report. "Bullshit has baffled brains" is the useful observation of Pierre Dupuch, an opposition member of parliament.

Sir Lynden plays heavily on his appeal as the "Black Moses" who led his nation to independence. Few would gainsay him this; but he inherited a prosperous economy based around tourism and offshore financial services. The Bahamas was the sole British colony in the West Indies not to receive a grant on independence. He has continued to benefit from the fact that the Bahamas' economy is so tied to the US, a situation which has insulated the economy from the shocks of debt and commodity prices that have proved so damaging to neighbouring small island states. As a result of this prosperity, the Bahamian black middle class continues to expand, and he can pose as their champion.

The white minority, on the other hand, often speaks of Sir Lynden with words of bile. They accuse him of besmirching the reputation of the Bahamas, of failing to ditch corrupt associates and of emperilling a parliamentary system that dates to 1752. The opposition feels that Sir Lynden has shamelessly exploited the Westminster model adopted by the Bahamas on independence.

"He did not resign because of the Royal Commission report since there was no constitutional rule to tell him to do so. We operate a system based on honour, and if he continues to ignore it is questionable whether our model of democracy will survive," says a leading opposition politician.

The Prime Minister's supporters freely concede that corruption has been allowed to flourish. However, they add that the country is going through a learning process and that steps are being taken to tackle the drugs problem in all its aspects. The Government cannot remain disinterested. The bad image impinges on tourism and affects the reputation for probity of offshore banking. Sir Lynden has also seen his name recently dragged before the Florida courts in connection with the trial of Carlos Lehder, the Colombian drug baron.

Some results are already evident. Tighter control over deposit-taking in banks has curbed money laundering. Increased cooperation with the US over drug-interdiction has reduced the flow of drugs money. Bimini Island, once among the most heavily used for drugs transshipment, has seen its economy slump in the past six months.

But the problem's origins and persistence are beyond the Bahamas' control. "The bottom line of the drug problem is demand," says Sir Lynden categorically, and in this he is supported by fellow leaders in the region.

Bahamians at all levels also feel that the Americans should first cast the mote out of their own eye where corruption is concerned. Replying to recent criticism in the US, Adderley sent a note to Washington making the valid point: "If corruption is needed to move cocaine and marijuana from Colombia and marijuana from Jamaica through the Bahamas by air and sea to the US, why is it not needed to successfully deliver these shipments into Florida?" In other words, more sinned against than sinning.

The Long View

Public companies, private ambitions

WHAT A brilliant idea the stock market was. It brought together the public, with surplus wealth available for investment, and companies, which needed capital for expansion. The facilities for secondary trading to provide liquidity, whether in coffee houses or, eventually, through electronic systems, created the best capital market in human history.

Old! Evidence that the modern stock exchange is inefficient as a primary market and valuation mechanism has been accumulating in the US in recent years with the growth of phenomena such as corporate raiding and, in particular, leveraged buy-outs.

Now, the buy-out is becoming much more common in the UK, too, as the past few days have shown. Some \$250m has been raised to back the management buy-out of the packaging and paper interests of Reed International, not quite as big a deal as last year's £720m MFI buy-out. Meanwhile, it appears that Richard Branson is disillusioned by his experiences as a public company chairman and wants to take his Virgin group private in a deal that would value it at more like \$250m than the £150m which the stock market has judged it to be worth. Moreover, James Gulliver is leading the proposed £47m takeover of Harris Queensway by a new, so far unlisted company, Lowndes.

I am defining these deals more broadly than the simple management buy-out. Some of them are, in fact, takeovers. The important common factor is that they involve raising capital through a private market rather than the publicly-listed market. There might be a lot of bank credit involved (hence the leverage) but there also is a substantial core of risk capital that very largely comes from the same investment institutions which also invest

The appeal of a stock market listing is waning for some. But institutions could be playing a dangerous game in supporting two parallel equity markets, says Barry Riley



through the public stock exchange. This raises some fundamental questions. Why are pension funds and insurance companies willing to pay much higher prices for companies through participation in buy-out funds than they are through the stock market? And if companies need new management, as Harris Queensway evidently does, why cannot new

blood be hired for the direct benefit of existing shareholders?

In the US, many of the companies bought out have not needed new management - they have simply needed redirection. It has become evident that there is a vast amount of fat in most American public corporations. It is not just a question of company jets, lavish head offices and layers of middle management all writing

inconsequential reports on each other's activities, although those phenomena certainly exist; it is also a question of motivation.

Companies diversify to suit management ambitions, with scant regard for the interests of shareholders. Managers pile up, cash because it reduces risks for them and makes them feel more comfortable, and they hide highly-profitable subsidiaries among a labyrinth of mediocre operations because the cross-subsidisation allows them to maintain a bigger empire. Above all, they rarely take really hard decisions.

You can sum-up this by saying that corporate governance has got into a mess. I cannot imagine that the situation is a great deal better in the UK and, indeed, groups such as Hanson Trust and ETR have grown spectacularly by proving that they can improve greatly the rate of return on public company assets by applying some crude but tough central controls.

None of this is really surprising when you consider how remote the modern shareholder is from the large public company of which he is, normally, the joint proprietor. The institutional shareholder, who dominates, will own stakes in probably several hundred companies. He rarely has any particular loyalty, so that British pension funds now keep a holding for no more than two years on average. Cross-border shareholders are even more volatile in their approach. Increasingly, too, the investment decisions are taken purely on the basis of computer programmes rather than any consideration of what the companies actually do.

This leaves a power vacuum at the heart of the modern public company which, typically, has been filled by the management. But there is another possibility: that shareholders of a new type will arise to exercise the propri-

etorship function more diligently. Indeed, they exist, and the Americans have dubbed them "power investors."

Buy-out funds now run into tens of billions of dollars in the US and are growing rapidly in the UK. American institutions are willing to pay a substantial premium for their funds to be managed as part of these pools - the typical annual fee for formal active portfolio management is 0.5 per cent, but the buyout managers charge more like 1.5 per cent.

In this private capital market the buy-out managers, who typically are set up as small boutiques, are as hands-on as normal public company shareholders are hands-off. For a start, they have relatively small numbers of individual investments to look after. They impose immense pressures deliberately on the company managements by loading them with debt and giving them ambitious short-term targets. They also offer them large incentives through equity options and bonuses.

The profits can be enormous. The example is often quoted of the Beatrice buy-out, where about \$700m of equity stake money is likely to generate eventual profits of more than \$3m. But there are question marks, too. Companies are being turned upside-down and torn apart with very short-term objectives in mind. There are also risks that managers will see the potential for a buy-out and hold back the profitability of the company deliberately with a view to softening-up shareholders ahead of a buy-out proposal.

It might be effective - but it is a clumsy and dangerous solution to the problems of the public stock market to invent another private market feeding greedily off it. How much better it would be if the original concept could be made to work properly.

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MARKETS

Dealers continue to live on their nerves

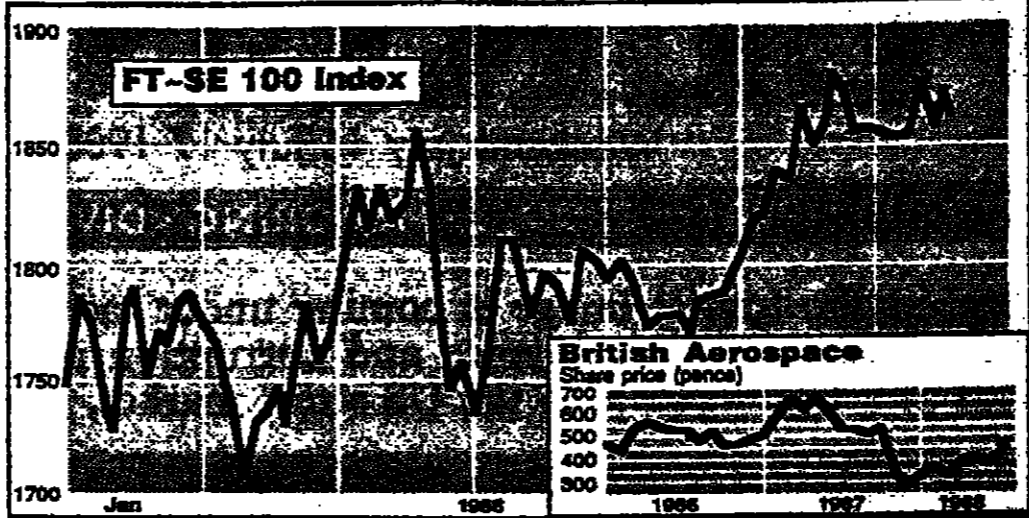
MARKET LIFE would be a lot easier if every UK and US economic statistic - and particularly trade figures - could continue to be published on the same day. Twenty-four hours duly could be set aside for the wailing and gnashing of teeth, and then business could get back to a measure of normality. As it is, the market lurches from one bout of nerves to another. This time it was the American trade figures, published on Friday, which overhung sentiment. It mattered not one jot that the last set, for April, were particularly good, sending stock markets on both sides of the Atlantic to record post-crash highs.

to see its inflationary fears confirmed by just about any indicator which moves in an upwards direction. At the start of the week, it jostled with the producer price statistics. In the year to June, industry's fuel and raw material costs rose by 5 per cent - scarcely a rampant inflationary rate and slightly below the 5.5 per cent year-on-year increase seen in May. That said, the figure is well up on the 3 per cent level that fed

London

through earlier this year. And with the latest rise attributed to increased commodity prices and the recent sharp decline of sterling against the dollar, market men could see no encouragement there. Nor did they exactly jump for joy at Thursday's batch of data. All the signs are that UK manufacturing output is growing at around 6 per cent a year, with unemployment on the wane - further proof of overheating, say the bears. True, productivity also appears to be improving strongly and, brightest of all, there is a small decline in the rate of earnings growth, with an estimated year-on-year figure of 8.5 per cent for

May and a revised figure to the same level (previously 8.75 per cent) for the preceding month. But, just before anyone raised much of a cheer, up went US prime rates. The move might not have been entirely unexpected but it scarcely deters fears that the next, and fairly imminent, move in UK base rates could also be in an upwards direction. So, Friday became D-Day - yet again. Markets were extremely edgy ahead of the US trade figures and Footsie eased back by almost 14 points early in the morning. In the event, the deficit was well towards the better end of expectations, with a May figure of \$10.9bn and a revised \$10.3bn figure (\$9.9bn previously) for April. However, there was less comfort from the culprit responsible for all this angst - the UK retail price index itself. Showing a year-on-year rise of 4.6 per cent in June, it has now reached its highest level for more than two years. Those gloomy voices which predicted 5 per cent in the near future look increasingly accurate. In short, then, D-Day solved nothing. By Friday afternoon, the market was simply dithering to a close - a scenario which is painfully familiar and undoubtedly will persist for some time yet. Economics apart, it might have been an interesting week. Bid activity has not resurfaced in quite the dramatic proportions which followed the October



crash, but business is certainly a bit - and getting - brisier. Dominating the scene last week was the messy marriage ceremony between Rover and British Aerospace. At issue, in a link-up which has always looked short on fundamental industrial logic, appeared to be the commercial freedom that BAE would have over its purchase - and whether it ran the risk of being required to repay state aid if forced to deviate from the motor group's corporate plan by prevailing business conditions. From the market's point of view, the final hiccup was scarcely encouraging and predictions circulated widely of a sharp fall in Bae shares when they returned from suspension on Friday morning. As it happened, matters proved to be a good deal more cheerful: after only a 20p drop as trading began, some swift briefing of analysts sent them higher again. By mid-afternoon, the message had been well and

truly sold and they were showing a gain of 17p at 488p. Elsewhere, bid activity ranged from the agreed variety (Plessey's 1183a Salside acquisition of Singer's Electronic Systems Division) through the possibly harmonious (Dutch property group Wereldhave's approach to Peachey) and on to the outright hostile (Australasian company Goodman Fielder's possible bid for Rank's Hovis McDougall). A less happy note was struck at British Petroleum where remarks by Kuwait's central bank governor over the weekend seemed to indicate that a sale of the Kuwait Investment Office's 22 per cent stake in the UK oil giant was not ruled out at some stage. Coming in conjunction with the falling oil prices, the shares eased back by some 4p to 256p on the week. And a market locked into pessimism even went on to reason - with minimal justification - that

if the Kuwaitis are having a tussle with the Monopolies Commission over their BP stake, perhaps they will turn their back on the UK generally. With the market in this sort of dither, that might not be a bad idea. Perhaps one of the least-encouraging indicators of the stock market's long-term health is the increasing number of management buy-outs which suggest they wish to take their companies private. After Richard Branson and Virgin, similar hints were dropped last week by Crystals, and a scheme duly emerged at Dweek Group, the leisurewear and furniture maker. True, "privatisation" is a fraught and complicated issue, depending very much on individual circumstances. But there is certainly a message there. If the market is unlikely to let you do much with your paper, why stay around for the angst? Nikki Tait

COMPANY NEWS SUMMARY

Table with columns: Company, Share price, Dividend, etc. Includes entries for Amey, Arrol-Johnston, Baxi, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Profit, etc. Includes entries for AAH Holdings, Aberdeen American, etc.

When a Body meets a body...

ANYONE WHO HAS who has not heard of Anita Roddick and Body Shop must have been asleep for the past 10 years. But does the name Richard Collard, chairman of Creighton Laboratories, ring any bells?

The truth is that, if Collard had not existed, the promoters of the natural beauty retailing boom would have had to invent him. As he says: "Not only did I supply Anita Roddick with her first gallon of shampoo in the mid-70s I put it in the back of her beaten-up Ford Anglia myself."

Since then, Creighton Laboratories has been pumping out a substantial proportion of the Body Shop-label jobaja oils, milk protein soaps and orchid neck gels that have blossomed in bath-rooms all around the world. More than that, it has been busy mixing up the lotion and rose waters sold so successfully as nostalgia products by Crabtree & Evelyn, the toiletries concern which seems quintessentially English but which, ironically, is US-owned.

Junior Markets

Table with columns: Company, Price, Change, etc. Includes entries for FT Ord. Index, BICC, BSE, etc.

HIGHLIGHTS OF THE WEEK

Table with columns: Item, Price, Change, etc. Includes entries for FT Ord. Index, BICC, BSE, etc.

of 100 per cent to £126m in the past financial year could hardly go unnoticed on dealers' screens on Monday - and the share price jumped about £1 during the week to close on Friday at 326p. "Simply, the orders came flooding in during the second half and we had geared ourselves up to be able to meet them on time," says Collard of the profits lift-off in the year ending in March. As he notes, last year's turnover of \$6.86m - which compared with \$4.2m for the previous

This brings in a note of caution. Although Body Shop's pretax profits rose by nearly 50 per cent in the past financial year, there must be a nagging worry about how long it can maintain its astronomical rate of expansion. And Creighton's dependence on demand from its two main customers is substantial. At the time of the USM placing, they accounted jointly for about 80 per cent of turnover. Collard declines to put precise figures on the change since then but says the proportion has not fallen much below the 60 per cent level it reached about a year ago. Again, he declines to split this proportion up between the two but says that neither is strongly dominant over the other.

William Wall of Stock Beech, Creighton's stockbroker, reckons that the company can make pre-tax profits of £1.9m comfortably this year. It might well have to issue more shares to maintain the present growth rate as gearing stands at around 65 per cent - a level which Collard thinks is too high. However, the shares are rated modestly, even after this week's 3p per cent rise. The prospective p/e is still under 10; Body Shop is rated somewhere up in the 40s.

Clare Pearson

Spotlight on the economy

BRITAIN'S EXCEPTIONAL economic growth rate was highlighted on Thursday by a string of official statistics showing a renewed surge in manufacturing output, strong productivity gains, and another sharp fall in the official jobsless total. Next week, a fall in big corporate results leaves economic news leading the field and, presumably, stock market sentiment. This applies particularly on Monday when a distributive trades survey, produced jointly by the Confederation of British Industry and the Financial Times, will complement the UK provisional retail sales figures for June.

However, Monday also brings the PSBR for June where Shearson Lehman Hutton's forecast of a £1bn borrowing requirement, says analyst Christopher Wickham, reflects fears that the Government might not be controlling its spending as well as some people have expected. That leads neatly into Wednesday's money supply figures where SLH forecast an increase

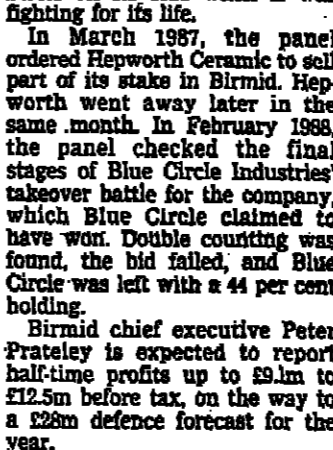
Results Due

in the rate of growth, caused by rapid expansion melting demand, leading to the overheating of the economy and the threat of accelerated inflation. The corporate list, meanwhile, is peppered with progress reports from the leisure industry which, says a report from broker Kitco & Atken, has done well in the stock market over the past month or so. The firm previews the interim figures from FIRST LEISURE and the results from STANLEY LEISURE, both due on Wednesday. First Leisure, where the 78-year-old Lord Delfont has moved over from chairman to president, is reporting on its seasonally less-important half-year. Bruce Jones, of the K&A Leisure team, expects profits before tax to emerge at about £4.8m against a reported £3.8m at this time last year. First Leisure was a management buy-out from Trusthouse Forte in December 1982. It is based very broadly with piers, holiday and leisure centres, discotheques, pubs, squash and snooker clubs, bowling centres and theatres. It could make £20m for the year as a whole. Stanley Leisure increased its interim pre-tax profits from £1.3m to £1.6m and the brokers say it has certainly finished the year on a strong note. This company is a heavyweight in bookmaking, where it had taken its number of betting shops from 152 a year ago to more than 200 in May, with another 130

under negotiation at that time. It is busy installing the Satellite Information System (SAS) to bring the races to punters and increase its take. All this takes time, though, and Jones says he has shaded an earlier forecast by £100,000 or so to make £3.3m for the year against £2.5m in 1986-87. Stanley also is involved in provincial casinos and smooker. The industry provides two more interims next week: from LEISURETIME INTERNATIONAL on Monday and LEADING LEISURE on Thursday. After a £1.5m loss at Leisuretime last year, the Aitken family moved out in January and the Jivraj family moved in with the object of creating an international hotel and leisure complex. Leading Leisure is much more property development and house-building, but it wants Leisure to be 50 per cent of the business; its latest plan is a \$50m marina village for Gosport in Hampshire. Wednesday brings results from a market leader, the shares of which (surprise, surprise) have been making new highs for the year against what is not a very inspiring industry background. H.P. BULMER, which helped to bring cider to the masses early in the 1980s, has been having to fight hard for its profits over the past four years; but some people must think that its middle name is Rowntree. Its half-year profits to October 1987 were up by 9 per cent to £7.5m with help from a £1.2m "windfall" profit on the sale of land. Cider sales were down. However, Bulmer has sold its loss-making Red Cheek juice operation in the US and interest charges are expected to be substantially lower in the second half. There are forecasts that full-year profits could rise from £12.5m to £15m before tax. Thursday brings an interim report from BIRMO QUALCAST, the foundries to lawn-mowers company which, twice in one stormy year, found the Takeover Panel on its side when it was fighting for its life. In March 1987, the panel ordered Hephworth Ceramic to sell part of its stake in Birmid. Hephworth went away later in the same month. In February 1988, the panel checked the final stages of Blue Circle Industries' takeover battle for the company, which Blue Circle claimed to have won. Double counting was found, the bid failed, and Blue Circle was left with a 41 per cent holding. Birmid chief executive Peter Prateley is expected to report half-time profits up to \$9.2m to £12.5m before tax, on the way to a £28m defence forecast for the year. William Cochrane



Peter Prateley, chief executive of Birmid



William Cochrane

INTERIM STATEMENTS

Table with columns: Company, Profit, etc. Includes entries for AMI Healthcare, Assoc. Newspapers, etc.

RIGHTS ISSUES

Energy Capital is to raise £3.5m via a one-for-one rights issue. Goodman Group is to raise £1.1m via a two-for-seven rights issue at 20p. NMC Group is to raise £3.25m via a four-for-five rights issue at 100p. Owners Abroad is to raise £12.65m via a one-for-two rights issue at 45p. Sindell Williams is to raise £4.5m via a five-for-six rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Dekemaster is intending to join the main market via a placing of the shares. Sverils has obtained a full listing via a placing of 9.6m shares at 125p

RESULTS DUE

Table with columns: Company, Date, etc. Includes entries for BSA, Amey, etc.

*Lloyds Bank 1/2 Halfax 90-day; immediate access for balances over £5,000. †Special facility for extra £5,000. ‡Source: Phillips and Drew. §Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MARKETS

Ireland leads the way in bourse sweepstake

HEARD the one about the international investor who put thousands of pounds into the Irish stock market at the start of this year? He had the last laugh, managing to pick not only the best performing bourse in Europe, but one of the strongest movers in the world, soaring by 47 per cent in the first six months.

World Markets

above Tokyo's 25.5 per cent gain and surpassed only by the Mexican, at 51.7 per cent, according to the FT-Actuaries World Indices figures, based on local currencies.

that the recent strength of the dollar will feed into earnings for the large Irish groups, which are heavily exposed to the currency through US subsidiaries.

For those who stuck it out in Italy, Switzerland and West Germany - the three worst performers over the half-year - there was little joy, although the period did throw up some trading opportunities, particularly in Frankfurt in the second quarter.

Table with columns: Country, local curr, \$, £. Rows include USA, Canada, Austria, Belgium, Denmark, Finland, France, W Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Mexico, S Africa, Total.

'Investment is about greed and fear, and normally greed prevails... Now there's still fear, but greed's back in play'

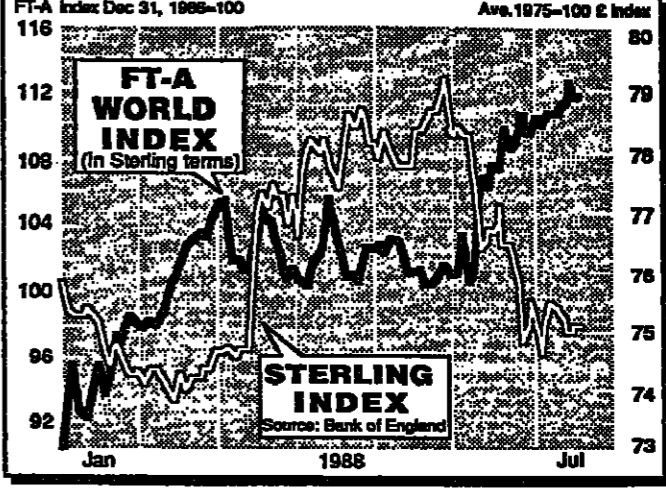
Asia/Pacific was first with a 25.5 per cent increase. Europe ex-UK actually overtook Asia/Pacific in the second quarter to become the best performing region, with an 8.6 per cent gain against Asia/Pacific's 1.1 per cent.

Table with columns: Country, % change Dec 31 1987, % change since July 1987. Rows include Australia, Austria, Belgium, Canada, Denmark, France, W Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, S Africa, Spain, Sweden, Switzerland, UK, USA, Europe Ex-UK.

The Financial Times, Guinness Stacks and Co, Wood Mackenzie and Co Ltd 1987

says in its June international asset allocation report. "We do aim to be strategically overweight in Europe on a long-term view for value, dollar bounce and takeover reasons."

Phillips & Drew's investment strategy has thus changed from being very "risk averse" at the beginning of 1988 to being somewhat bullish of Europe as investors become more adventurous.



David Roche, Morgan Stanley's European strategist, admits to being cynical still. "Our post-crash philosophy is to make money out of the big markets. I just don't believe we've heard the worst of the bad news and don't want to get locked into the smaller markets."

Exit the bears, stage left

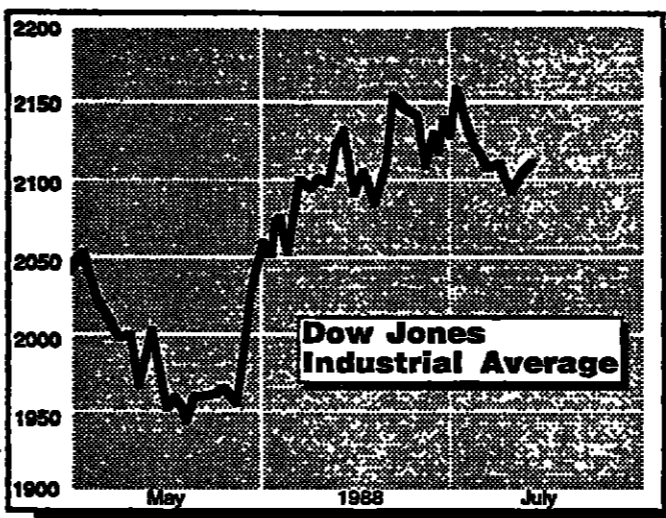
WITH EVERY week that passes, there seem to be fewer crumbs of statistical sustenance remaining to keep alive the ragged band of stubborn bears.

more important positive implication from the currency market's enthusiastic reaction. If monthly trade deficits in the \$11bn range are consistently regarded as good news, the implication is that foreign private investors are readily willing to finance a US trade deficit of around \$130bn annually.

when the dollar began its current spectacular rise - a rise which has lifted the US currency by 11 per cent against the DM, 8 per cent against the yen and 12 per cent against sterling.

Two crucial questions, however, are begged by this analysis. Is the main threat to the US financial markets really likely to originate from abroad? And what will be the impact of the new-found enthusiasm for the dollar on the US domestic economy?

outlook for equities looking more certain. Japan would fall from the top of our buy list, as international investors who have felt they had to be in the market go elsewhere, and domestic Japanese investors go overseas," it



range from 5.25 per cent to 5.75 per cent for the rest of this year and rise to a range of 5.5 to 6 per cent in 1989? What this appears to mean is that the Fed is going to tighten policy, and continue tightening, until a marked reduction in economic growth and a rise in unemployment becomes apparent.

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Advertisement for Financial Adviser. Includes headline 'Trying to track down 40,000 genuine financial advisers?', a cartoon illustration of a man looking at a large, dark, tangled mass, and text describing the service and contact information.

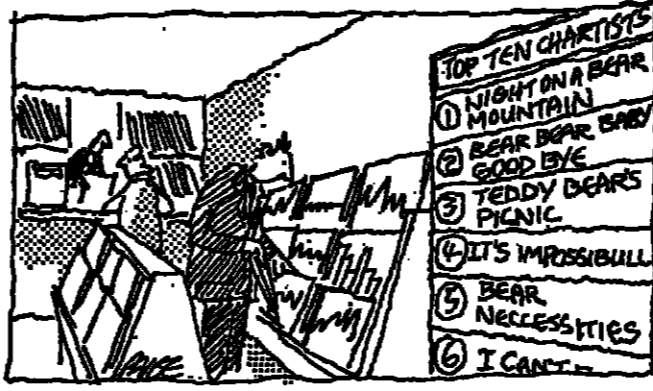
FINANCE & THE FAMILY

Barry Riley on the technical analysts who attempt to find a message amid a mass of information
Chartists plot a course through troubled waters

THESE ARE DIFFICULT times for the City's chartists or, as they prefer to be known, "technical analysts." They pore over share price and index charts in an attempt to unravel the hidden messages supposedly implanted therein by mysterious processes involving mass psychology.

The London stock market has behaved in a sluggish and erratic fashion in the past few months, making attempts to push higher but failing to achieve any consistent momentum. "Markets spend roughly half their time trending and half their time ranging," says Robin Griffiths of broker James Capel.

Important turn was in the offing, although he was not specific about the direction. Recent market strength has helped him, however, and he forecasts that other chartists will turn bullish next month when the 300-day moving average will start to turn up.



As a group, the technical analysts have to live down their general failure to predict October's crash. Lake confesses candidly that the first time he heard about it was when driving home from Gatwick airport after an untroubled but ill-timed holiday.

October 19 but also claims that "anybody who listened to me was out of the market by August." Sure enough, his market note of July 28 1987 said clearly that "upside penetration of very nearly all possible resistance levels illustrates unequivocally just how overbought this market has become."

Unfortunately, his October 15 letter concluded that the overbought condition had disappeared, and he looked for a test of the July peak. As luck would have it, clients did not receive the letter until after the crash.

SOME PEOPLE who invested in Barlow Clowes could find it costing them more than they feared - and not just because of expensive legal bills. Some of the 11,000 investors in Barlow Clowes International, the offshore fund based in Gibraltar, will not have paid tax on the income they received and it seems likely they will be now forced to do so.

Richard Waters on a Barlow Clowes tax shock
Losers to lose again

to request information from companies, but only about named individuals. Under this year's Finance Bill this power is extended, in "exceptional circumstances," to cases where it does not know the names of the individuals or even how many there are.

behalf," says its chairman, John Dyer. It has retained a professional lobbyist to put its case to MPs and is preparing a series of newsletters to keep investors informed of progress. The committee is asking those it represents for contributions of between £2 and £5.

Many people will prefer to wait before contacting lawyers: further information is likely to emerge from the various investigations being carried out by the liquidators and the police. There is also an internal enquiry at the DTI. Until these are concluded, there might be little the lawyers can do.

Perhaps the best case for retaining a lawyer is if a claim against an intermediary looks possible. But such actions are expensive and lawyers are busy grouping investors who used the same intermediaries, which will reduce the cost.

Short-term Selector

Eric Short examines the income aspect of unit trusts

THE UK unit trust industry has, for the most part, concentrated its marketing efforts on the capital growth prospects of equity investment. Income has tended to be treated as a peripheral benefit by several management groups.

The designers of Selector appear to assume tacitly that the unit trust form of investment has addressed itself to the problem with the launch of its Selector scheme. This comes in three versions: An income that moves in line with the value of the underlying investment, with the investor selecting a percentage of the unit-holding to be withdrawn as income.

Initial reaction to the scheme has been hostile because of the threat to the erosion of capital - hostility that Royal Life did not anticipate. In the group hurriedly has pushed out figures showing what would have happened had an investor put £10,000 into the Equity Growth Trust in September 1975, just ahead of the 1976-7 bear market.

Tills ring the changes

David Barchard on how the electronic transfer of funds may revolutionise shopping habits. Will EFTPOS help ordinary consumers, though? Of course it will, say the banks and retailers who are negotiating it over customers' heads. They point to several benefits.

First, there should be less waiting involved in paying for a purchase. Second, it will not be necessary to carry cash around (and could even be a new way of getting cash from your account by drawing out more money than the value of the article you are buying).

cheque guarantee and cash dispenser card is replaced by a new debit card with a PIN (personal identification number), they have unlimited liability on the new card if it is lost and used without their knowledge? If the same thing happens to their credit card, they are liable only for £50 of any purchases by the thief before they report its loss.



knowledge and that there is no real evidence of computer-generated "phantom" usages. Mitchell is much less sanguine. He quotes one specialist as saying there is no technical justification for believing that an outside party cannot create a counterfeit card and obtain or create a PIN for it.

Midland ups rate

MIDLAND became the second clearing bank to raise its interest rate for home loans this week. It put up the cost of mortgages for all borrowers from 9.75 to a hefty 11.5 per cent (equivalent to an APR - annual percentage rate - of 11.9 per cent).

Problems of assessing the AIDS risk

Eric Short on Equitable Life's approach to claims. Equitable Life that passed on the profits in the form of bonus additions to the benefits - the familiar with-profits system.

Each year on April 1, he will assess the death claims experience and declare a reduction in this extra premium based on that experience in that the danger of the initial reduction, applicable now, is 90 per cent, reducing the current low number of AIDS deaths.

For comparison, Friends Provident Life Office, previously highly competitive on term assurance, would charge £12.61 a month for a non-smoker and £16.26 a month for a smoker.

FOLLOW THE ACE SHARE TIPSTERS

If your shares have let you down this year, then the July issue of Money Observer will be a tonic. It reveals how 24 leading City share tipsters have swept the board this year, with gains stretching up to 41 per cent.

There are also revealing features on top companies and leading business personalities, a review of recent stock market movements and a timely appraisal of personal pensions. These and other investment features are backed up by comprehensive performance data for all listed shares as well as unit trusts and investment trusts.

Card-issuers deny that disputes over the unauthorised use of cards are a major problem. They claim that this tends to happen within the family (when, for example, a teenage child takes a credit card without the parents' knowledge).

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Table with 2 columns: Description of insurance plan and Premium/Rate. Includes rows for 'Previous monthly premium', 'Add extra premium', 'Total', 'Less rebate', and 'New monthly premium'.

JP21 ciol 150

FINANCE & THE FAMILY

John Edwards reports on the FT Readers' Race Maureen profits from best advice

PICKING top-performing shares is much easier if you have help from an expert. That is the lesson behind the success of Maureen Hyde in winning the second leg of the FT Readers' Race, run in conjunction with the Great Investment Race.

As public relations manager of the Housebuilders Federation, she seems at first sight an unlikely winner. But her secret is that she is married to Tim Hyde, director in charge of European investment at the Robert Fleming merchant bank group, who gave her a lot of advice in picking five stocks from the FT-SE 100 index. He was not particularly keen to have a go himself but she "insisted" - so the entry was put in her name.

The object of the race is to test the skill of readers in selecting a portfolio of five shares from the FT-SE 100 index - as published in December last year - that will increase most in value from January 1 to December 31. However, as an extra incentive to let readers know how the race is progressing, interim prizes are being given for the best portfolios at the end of each quarter: March 31, June 30 and September 30. It helps to be ahead at this stage but you never know what will happen later.

During the first half of the year, the share that gained by far

the most in value was Rowntree, owing to the successful takeover bid launched by Nestlé.

Drawing on his knowledge of the European investment market, and looking at the activities of the coffee company groups there, Hyde was convinced long before many others that Rowntree was a "sitting duck" for a take-over bid. As the world now knows, he turned out to be absolutely right. By June, the value of the £11,000 stake at the beginning of the year had risen to £29,558.

The four other selections in the Hyde portfolio are Britoil, Dee Corporation, Rank Organisation and Rothmans. Britoil was everybody's favourite since it was already in the throes of a takeover bid from British Petroleum. The shares duly recorded the third-biggest rise in value during



Maureen Hyde... a little help from a friend

the first six months of the year, being outperformed only by Rowntree and Amstrad.

Hyde reckoned there were two possibilities for the Dee Corporation: either to be taken over or for the share price to improve substantially. Rank and Rothmans were chosen because they were considered to be undervalued but well-managed and

backed up by some good brand names.

Several other readers chose Rowntree and Britoil, but it was the relatively high rankings of the other selections that made the Hyde portfolio a clear winner at the halfway mark, with the value having increased from the nominal £55,000 at the start of the race to £90,484 by June 30.

The second-best portfolio was valued at £89,959 so there was no need for the tie-breaker guessing the level of the FT-SE 100 index. This was just as well for the Hydes, since their estimate of 10,000 was well wide of the mark.

Only three of the top 10 shares at the end of March feature in the top 10 at the end of June. They are Amstrad, which has moved from fifth to second; Britoil, down from first to third; and Hamner Property, down from sixth to seventh. So, the race is far from over.

(Top Ten Performers)

Share	Gain during First half '88
Rowntree	+168.7
Amstrad	+80.0
Britoil	+78.4
Cadbury Schweppes	+68.7
Racal Electronics	+58.0
British Gas	46.4
Hamner Property	45.9
BAA	45.8
Rank Organisation	41.8
Blue Circle	40.7

Where the cash goes

THE Highland Wheelchair Dumping Club; the Chicken Shed Theatre Workshop; and Popcorn in the Park are just three unusual charitable organisations to benefit from the generosity of entrants to the FT Readers' Race, run in conjunction with the Great Investment Race.

Nearly 2,500 entries were received paying £10 apiece so Charity Projects, promoter of the race, had nearly £25,000 to spend on selected charities.

Charity Projects, which specialises in helping mainly small charities unable to afford their own fund-raising activities, selected organisations assisting the disabled, the homeless, and those suffering from alcohol or drug abuse.

It is in the disabled section that some of the more colourful fly-by-night charities are featured. There really is a Highland Wheelchair Dumping Club which meets regularly in Inverness, enabling

its members to dance either purely socially or as competitors in Scottish wheelchair dancing festivals and discos. It received £2,000 to buy an electric wheelchair so that the more severely disabled people can take part in the dancing.

Popcorn in the Park is the name of a café with a difference in Alexandra Park, north London. It is a training project for mentally-handicapped people. They learn about catering to the public in real life, the aim being that the training received will help them to find a job and become self-sufficient. It was given £5,000 to convert the café premises so that they can be used all year round, whatever the weather.

The Chicken Shed Theatre

Workshop, also in London, has been given £500 to cover the transport costs of severely-disabled participants in attending rehearsals. The workshop, founded by teachers and musicians 10 years ago, puts strong emphasis on the integration of the able-bodied and disabled in its activities and weekly meetings.

The fourth charity for the disabled to benefit from your money is the Harvest Trust in Wales, which aims to use the therapeutic values of working with animals and horticulture to help young people from the inner cities suffering from family, social or emotional problems. The £2,500 granted is to pay for materials to convert an existing

farmhouse to a residential centre, with the help of other donors.

To aid in treating those with alcohol and drug problems, £7,500 has been given to develop the Rugby House Project at Westminster in London, which is due to be opened next year. It will provide a desperately-needed centre for alcoholics trying to give up drinking and, just as important, stay off the bottle.

Another £7,500 of your money has gone towards the running costs of RAFT - Rented Accommodation for Teenagers - in Canterbury, Kent. This helps young homeless people to find a place to stay and a job, as well as being a youth centre.

Finally, £300 went to the Durham County Accommodation Support Group to fund the production of a computerised directory of accommodation for people with special needs.

Running to stand still

William Cochrane on a split-level fund that has yet to impress

"A QUART trying to get into a pint pot. Unlike other split-level funds of its generation, it has failed to stand up to the rigours of the present-day market."

That is the view taken of TR Technology II by Hamish Buchan and Robbie Robertson, of the County NatWest WoodMac investment trust team. The £188m investment trust was created last May when management of its £303m predecessor's portfolio was divided between Touche Renaut, the incumbent, and Berkeley Govett.

They are measuring TR Tech II on its initial impact on the market, which has not been impressed. On its inception, the fund was divided into three classes of capital with the following rights and proportions:

- Seven zero dividend preference shares, providing a pre-determined growth of capital over the trust's 10-year life (indicating an 11.75 per cent gross redemption yield at an assumed price of 100p a share) but no entitlement to income.
- Four stepped preference shares offering pre-determined income and capital growth, and quoted at another 100p a share to begin with.
- Four new ordinary shares, enjoying any surplus income and capital growth earned by the fund after the other requirements had been met, and calculated to have an initial asset value of 100p each.

The package, it was thought, might open at an 8 per cent discount to asset value. In fact, the initial discount was 10.8 per cent and by this week, two months later, it had stretched to 17.7 per cent. In the meantime, the UK equity market has improved a li-

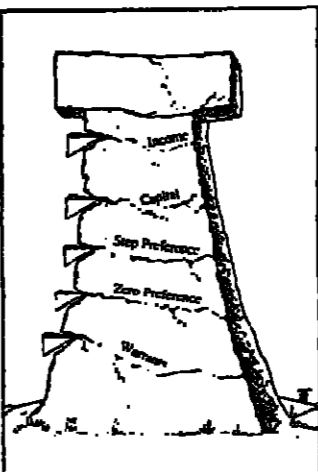
tle and the TR Global Technology Fund, which also took funds from the reorganisation, has risen by some 3 per cent.

Early last May, County NatWest WoodMac introduced a split-level section into its quarterly investment trust review. The object was to comment on funds which divide their performance aims, via different classes of share, between capital and income - with a number of variations in between.

According to Buchan, the variations are said to represent the five ages of man and, arguably, a sixth:

- Warrants for the child, offering a way to lose an insignificant amount of money - or make a real bundle if the market and the management company perform.
- Capital shares for young unmarried, geared highly for the people who can afford to lose a bit more and who dearly would like a nice lump sum to put down on that first house.
- Zero preference shares for people in their late 40s and early 50s who can use their capital gains tax allowance to sell part of their shares and maximise their net returns.
- Stepped preference for the newly retired, worried about inflation, who want a reasonable yield plus growth.
- Income shares for the cruncky oldsters who want the highest possible yield and put their heirs at the back of the queue.
- The sixth class, says Buchan, was the dividend share talked about for Drayton Japan (and subsequently thrown out). This would have had a 15 per cent yield and a capital value of 100p shrinking to 5p at the end of the fund's life, establishing a capital gains tax loss in the process.

To be fair to TR Tech II, he points out that this is not a standard split capital fund since the ordinary combined capital and income share characteristics. But it is engineered financially in a



Higher return

A NEW issue (the 54th) of National Savings certificates will go on sale from next Friday offering a guaranteed tax-free return of 7.5 per cent if they are retained for five years. This is equivalent to a return of 10 per cent if you pay tax at the standard rate of 25 per cent and 13.5 per cent if you pay 40 per cent tax.

The 33rd issue, which remains on sale until July 21, paid a guaranteed rate of 7 per cent, equivalent to 9.33 per cent for a 25 per cent taxpayer and 11.6 per cent for 40 per cent payer.

The interest rate on the yearly plan, which enables you to effectively to buy savings certificates by monthly fixed payments instead of a lump sum, also goes up from 7 to 7.5 per cent but with effect from July 12.

Apart from having to keep your money deposited for five years to receive the full guaranteed rate, there is another restriction. You can buy only £1,000 worth of savings certificates and the maximum monthly contribution to the yearly plan is limited to £200.

However, you can buy an extra £5,000 worth of savings certificates if you already hold an issue bought five or more years ago that has matured. At present, holders of matured certificates receive what is called a general extension rate of interest which was lowered earlier this year to 5.1 per cent.

National Savings, which no longer has to meet an annual target of raising funds for the government, is now concentrating on trying to retain long-term investors.

It is, therefore, offering existing holders of savings certificates, who evidently do not mind locking away their money for five years, the chance to transfer their holdings into the new certificates paying much higher interest than the general extension rate.

So far, National Savings has not changed the interest rates paid on its other products, notably income bonds and the investment account. But it usually follows the trend set by the banks and building societies, some of which have already moved up their rates following the recent surge in the bank base rate to its present level of 10 per cent.

Effects of Gearing and Narrowing Discounts on Capital Shares

Compound growth if portfolio grows by:	Discount constant		Discount Narrows to Zero	
	5%	7.5%	5%	10%
General Consolidated	1.07	7.80	12.64	16.28
River & Mercantile	4.00	9.37	13.67	15.98
River Plate	(-7.84)	0.79	6.73	10.50
Scottish National	Wiped Out	5.03	14.06	Wiped Out
TR Technology	Wiped Out	(-8.81)	9.44	Wiped Out (-1.64)

Source: County NatWest WoodMac. Analysis based on 31/12/87 published figures.

Weekend Business

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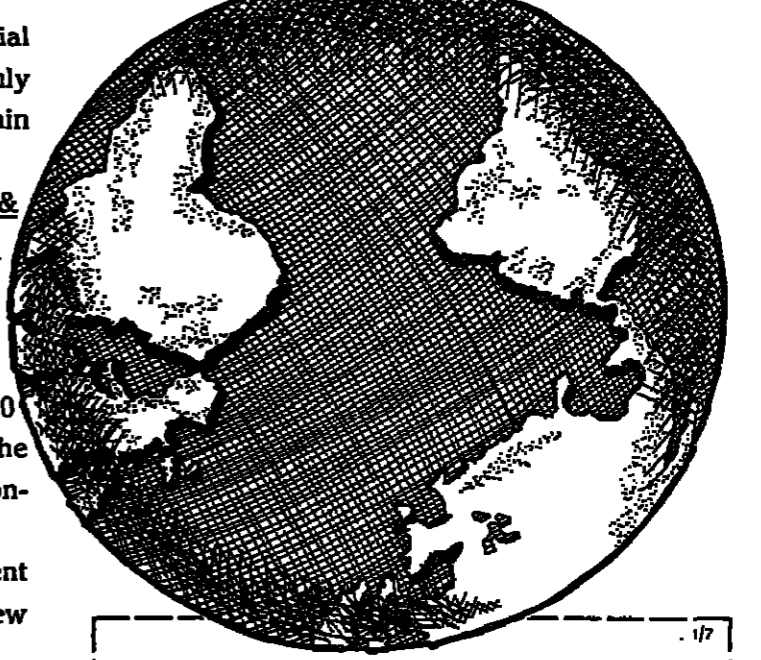
This is what happened to the financial world last year. How should you view investment now?

Despite the upheaval of the financial world at the end of 1987 many analysts agree that the future still holds a host of opportunities for the serious private investor.

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The first evening presentation will be held in a West End hotel, London, in September and will last approximately one hour, followed by refreshments.

Topics to be covered will include global investment, tax planning, private banking, the longer term outlook and strategic issues affecting portfolio investment.

I am interested in attending the Merrill Lynch/Ernst & Whinney investor presentation. Please contact me with details.

I am not able to attend the investor presentation but please send me your latest particulars on financial advice for private investors.

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READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

A fight for light and a right of way

Our farmhouse is of a regular plan. Our dining room exterior will form a boundary, which has windows facing a cottage only four and a half metres away.

New neighbours have many grand plans. They have put a young but large tree only four feet from my windows.

We have a right of way to walk in front of their house and now they have informed us they are to build a porch on the right-of-way and even closer to us.

a) Can a tree be planted so close to our windows?
b) Can a right-of-way be diverted without our consent?

The right-of-way cannot be diverted without your consent. Strictly speaking you cannot prevent the planting of a tree, on the neighbour's land, close to your windows; but you can require that the tree be lopped or topped so as not to deprive you of enough sunlight for the reasonable use of the room lighted by the windows, if the windows have been in place for more than 20 years.

You could use the opportunity to strike a bargain with your neighbour, in which you agree to re-route the right of way and they remove the tree and covenant not to plant any tree, bush or shrub or to place any fence or wall on the area opposite your windows. You may need to consult a solicitor.



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I contend that the broker is answerable to me, as principal, for the timely and correct execution of my order, even though that order was transmitted to the broker by my intermediary. We think that your reasoning is correct and that the brokers are answerable to you, either as your agents, or as sub-agents.

Challenge the will

My cousin's wife died on March 1 this year and left \$227,000. She left her 75-year-old husband \$3,000 and the remainder of her estate to her brother, sister and relatives. Could this will be challenged?

Yes, there is a means of challenging not the will itself but the disposition made under it. The surviving husband can make an application to the court under the Inheritance (Provision for Family and Dependents) Act 1975 for an order giving him suitable provision out of the estate (this could amount to virtually the whole estate in the circumstances which you describe).

The surviving husband must act promptly as there is a strict time limit of six months from the date of probate of the will in which any application must be made. He should consult a solicitor. There is a *Which?* guide to wills and probate published by the Consumers Association, 2 Marylebone Road, London NW1 4DX.

Severance payments

I am one of 26 employees in a department. The employer wants 16 of the employees to "volunteer for severance." He intends that the work of the department should in future be done by the 10 remaining staff (whom he has

already selected and to whom he has offered staff contracts) and by an unspecified number of new part-time employees. Some new technology will be installed to facilitate this re-organisation. Redundancy is nowhere mentioned.

Will the severance payments be taxed, and if there is any possibility that they will, how should my colleagues and I proceed to ensure that any tax liability is minimised?

On the bare facts provided, the payments are fully taxable (under section 595(3)(b) of the Income and Corporation Taxes Act 1988, or under the general rules of Schedule E). However, it is possible that your employer has arranged for you and your 15 colleagues to be given the benefit of the extra-statutory concession published on March 10 1988 as Statement of Practice L51 (Non-statutory redundancy payments). For some reason, this valuable concession was omitted from the 1985 booklet of extra-statutory concessions, IR1(1985), and the 1986 supplement, IR1(Supp)(1987); however, it appears has not been withdrawn. No doubt your employer will be happy to reassure you on this point.

No trust in the trustee

My query concerns the means and circumstances under which it might be possible to switch a family trust from the Big Five bank that administers it to a trust corporation. The trust was set up before 1961 by a will that appointed the bank as trustee. The bank derives its annual fee from capital, thus requiring sales entirely in its own interest. It has somewhat increased the trust since 1961 but not in line with inflation and market performance. Its investment activities show a marked bias in favour of its own shares and unit trusts which, although an increasing proportion, are not among the best-performing elements in the portfolio, either as capital gains or income. Communication with the beneficiaries is unsatisfactory and the date of the annual payment unpredictable.

Under the trust the beneficiaries, of which I am one, are the children in direct line of each generation of the family; this continues until such time as they become too numerous to make

distribution of practical value. The trust then passes to a public charity as residual legatee.

It can be a difficult and complex matter to seek to remove a trustee nominated in the trust instrument, particularly if the application is made by those interested only in income. You should consult a solicitor with a view to (a) ascertaining if the residuary legatee would support a move to change the trustee and (b) trying to negotiate with the bank to get it to retire in favour of a trustee in whom you have more confidence.

Payments stopped

After being made redundant in April 1981 I was unemployed until September 1985 when I started an MSC training course. From 1981 until July 1983 I received, as part of my supplementary benefit, interest relief on my mortgage with a building society and on a second mortgage, held by a clearing bank, which has been taken out for house improvement. In July 1983 my benefit was suddenly reduced by 57 per cent. No explanation was given and none that is in any way satisfactory has emerged to this day.

Initially, the DHSS referred me to the local tax office and thus began a merry-go-round which has continued ever since. My papers have gone from tax office to tax office, been mislaid, rediscovered and then sent on again. In December 1987 I enlisted the help of my local MP and, in reply to a letter from him, the tax office stated that I was not entitled to tax relief on the second mortgage because, as I had been unemployed during the period, and therefore not paying tax, I wasn't entitled to relief on the interest. As I had been unemployed since 1981, who was responsible at source for the 57 per cent reduction from 1981 to 1983?

The last communication from my MP, dated Feb 28, 1988, stated that he had written to the DHSS office and he hoped the problem would soon be satisfactorily resolved.

To date we have heard nothing further. After so long, I have given up all hope of receiving my repayment but would merely like an explanation. The explanation may be that

the DHSS did not realise that your second mortgage fell outside the Miras scheme. Did you tell them? As you will have seen from the reply published in our Briefcase column on April 9 under "Tax relief on a house," the fact that someone's income is below the tax threshold does not prevent him from obtaining Miras tax relief; no tax relief is available to a non-taxpayer, however, in respect of mortgage interest which falls outside the scope of Miras.

You have done the right thing in enlisting the help of your MP: if need be, he will be able to invite the Ombudsman to investigate the conduct of both the DHSS and the Inland Revenue. On the bare facts outlined, it looks rather more likely that the blame lies with the Inland Revenue, although the DHSS cannot escape criticism for not explaining its actions (even if its actions prove to have been administratively correct).

If you have not already done so, ask a local tax office for the free explanatory pamphlet IR11 (Tax treatment of interest paid) and IR63 (Miras).

NEW YORK'S annual Open is among the strongest and richest chess tournaments in the world, but this year's version was under-published in Europe due to a clash of dates with the grand prix event in Brussels.

By any normal standards, the results in New York were a major upset. First prize (in a field including 35 grandmasters) went to a little-known 19-year-old Russian, Vassily Ivanchuk, and second prize to a Cuban who had his award frozen by the US Treasury. An 11-year-old Hungarian girl, Judith Polgar, scored the youngest-ever master result at men's level.

Ivanchuk, runner-up in the 1987 junior (under-20) world championship, won with a round to spare. Afterwards, he revealed that he had been invited by Karpov to help in preparation for last year's match against Kasparov, and had scored around 40 per cent in a series of 75 blitz games against the ex-champion. His result in New York gives him a ranking in the international top 20.

Garcia and Rodriguez were the first Cuban chess masters to compete in the US since the Castro revolution. Garcia took the clear second prize of \$10,000; he then learnt that under a provision of the Trading with the Enemy Act of 1917, applied to Cuba in 1963

RUBBER BRIDGE provides our first hand. Here is Attention to Detail:

N 10 6 4
Q 5 3
K J 9 5 4
W K J 7 3
6 4
J 9 4 2
8 7 3
S A Q 5
A J 10 9 8 2
K 5
K 5
10 6

With North-South game East dealt and bid one diamond, South overcalled with two hearts, and North's raise to four hearts ended the auction. West led the two of diamonds, the ace won, South dropping the five and East returned the spade time. South played low, the knave won, and West switched to the eight of clubs. This was taken by the queen, and East led another spade.

Winning with his ace, South finessed the knave of clubs, losing to the king, and West won the spade return with his king. With no entry to dummy, South

BRIDGE

had to lose a heart, and went three down after a diamond return.

Let us replay the hand with some show of intelligence. On East's diamond ace we throw the king. We lose a spade to the knave, and a club to the queen, then win the spade return. We enter dummy via the diamond queen, finesse the heart queen, and play another heart to pick up East's king. We cross to the club ace, and play the knave. East covers, and we ruff high. Now we lead our carefully preserved two of hearts to dummy's five, discard our spade queen on the nine of clubs, and we are home.

N A Q 7 3
K 5 4
Q 7 2
W J 10 9 8 7
K 5
A 8 3
S K 5
6 4 3
K 5
J 10 9 4

Intelligent dummy play has its reward. From teams of four we sturdily Remember the Bidding:

East dealt at game to North-South and passed, both bid one club, North said one spade, and raised the opener's rebid of one spade to three. West led the knave of hearts. The declarer covered with dummy's queen, the ace won, and a heart was returned to seven and king West won the club return with his ace, and put the contract down with his hearts.

In the other room North was declared. In the 20 trumps, and another 10 trumps without a diamond opening. Let us ransack together. Was it just a case of the wrong hand-being-declarer, or could South have done better? South played dummy's best queen, because he hoped West's lead was from A J 10. But it is possible the suit is blocked, and the contract is secure.

That's all very well, you say, but what if West started with five hearts to A J 10 and the ace of clubs? Your line is the only way of losing the contract.

You've forgotten one thing. West passed over South's one club bid. Would he have kept silent with the hearts that you suggest plus the club ace? I think not.

E.P.C. Colfer

CHESS

by President Kennedy, his award had to be deposited indefinitely in a frozen account.

Many visiting GMs in New York expressed concern at this official action, particularly since several Americans, right up to Bobby Fischer, have been welcomed at events in Cuba.

The New York Open's several sections have a total prize fund of around \$200,000, far ahead of any similar event in Europe. Its "B" group, containing six grandmasters and many IMs, was the setting for Polgar's historic feat which surpasses previous achievements by child prodigies. Her sister, Sophia, 13, is also performing at master standard and scored 5½/5.

This week's game virtually settled first prize in New York and gave Ivanchuk his grandmaster norm with two rounds to spare. His opponent, the former Soviet refusenik Gulko who now represents the US, oversteered in the early stages and then falls into a passive position.

The logically-controlled style of White's victory shows the benefit of those 75 blitz games - it is very much on the Karpovian model.

White: V. Ivanchuk (USSR). Black: E. Gulko (US). Queen's Pawn, Bogolyubov variation (New York 1988). FRODOLOV No 711

3 P-KN3, B-N5 ch; 4 B-Q2, P-B4 (usual is B-B3 ch or P-QR4); 5 B-N2, O-O; 6 N-KB2, P-Q4.

Positionally dubious, since Black's pawn front now becomes static while White controls an open file. Better is B-B3 ch.

7 R-B3, P-B3; 8 Q-N2, P-B3; 9 O-O, P-QN3; 10 B-B1, B-N3; 11 P-K3, Q-Q2; 12 Q-R4, K-B3; 13 R-B2, R-B3; 14 R-B3, Q-N3; 15 P-F2, P-F2; 16 B-R1.

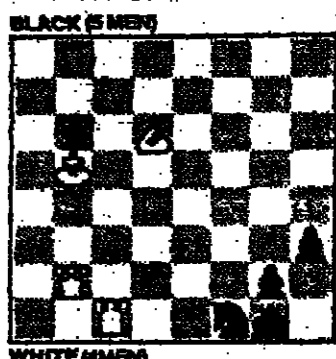
Now, if the attacked rook moves 17 N-K5 wins material, so Black has to go for a tactical sequence.

16 N-Q2; 17 N-F3, P-QN4; 18 Q-F2 (N6), R-F2; 19 P-F3, R-F2; 20 R-F3, R-F2; 21 Q-B1, B-F2; 22 P-F4, Q-Q1; 23 P-KK1.

Materially, Black is only slightly worse off, but his rook is out on a limb while White's three pieces combine against the black king.

23 ... P-F2; 24 R-F2 ch, K-B1; 25 N-K5, R-F2; 26 N-F3, Q-B1; 27 Q-B2, R-F2; 28 R-F2 ch, K-B1; 29 R-F2, R-K3; 30 Q-Q4. Decisive, for the king and pawn endings after 30 ... R-K3; 31 R-B3 ch, Q-B3; 32 Q-KB4 ch; 33 Q-Q8 ch is an easy win. 30 ... Q-N1; 31 N-K5 ch, R-F2; 32 Q-N4 mate; 33 Q-B4 ch, K-B1; 34 B-B6 ch, K-Q1; 34 Q-B6 ch and 35 Q-B6 ch. FRODOLOV No 711

White mates in three moves



WHITE (MEMO) against my defence (by F. Lindgren, 1921).

Solution Page 19 Leonard Barden

Table with chess-related statistics and subscription information.

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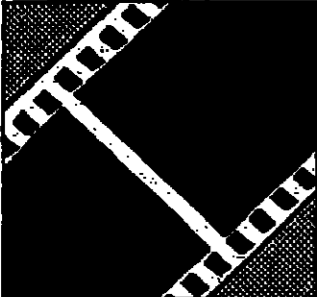
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WEEKEND FT REPORT

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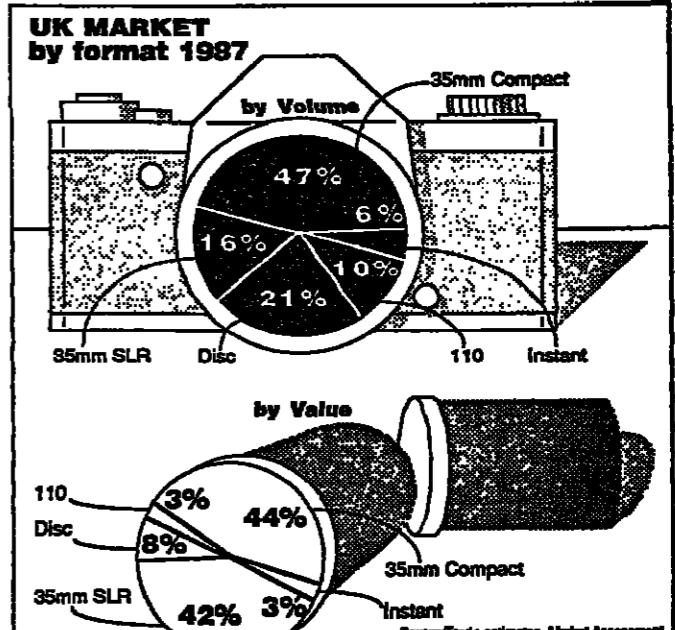
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MERRIE ENGLAND



The River Hodder meanders through the Forest of Bowland

Vale of Lune: almost too perfect

Roger Beard finds a landscape which was admired by Constable and adored by Ruskin

IT ALL started with Ernest Marples, the Arthur Daley look-alike Transport Minister who inaugurated Britain's motorway network, beginning with the Preston by-pass in Lancashire. From his department's obsession with obliterating the British countryside sprang such masterpieces as the M1, M4, and that concrete ribbon to nowhere, the M6. Halfway up that is the original by-pass that some hold responsible for extensive despoilation of Old England. They could not be more wrong, for the M6 above Preston divides the flat wasteland of the Lancashire Fylde and the dubious delights of Blackpool, Morecambe and the coast from some of the most beautiful scenery in all England - largely forgotten by the seasonal holiday traffic roaring north to the seaside resort towns and the Lake District. To your left is bungalow land, with the Blackpool Tower just over the horizon; to your right, the soaring fells of the Forest of Bowland and the water meadows of the Vale of Lune which punches its way into the neck of England, the Forest of Bowland. What original trees there were have gone

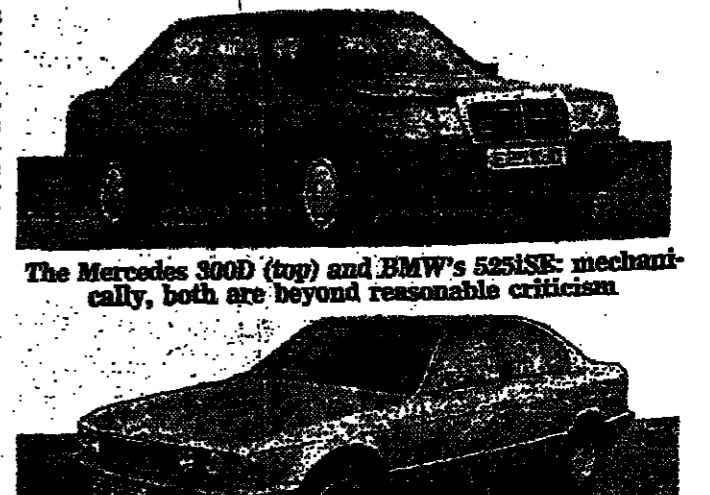
long since. Instead, you have outcrops and turf rising to level 2,000ft above the M6 and the Fylde beyond. Half-an-hour out of Blackpool and you are in heaven, even if it is raining. The first thing that hits you is its size - close to 150 square miles of highland with little but hamlets between you and nature, on the scale of Dartmoor rather than Bodmin but without their towers or bays. There are no posties either, and very few motorists on the minor roads which twist and turn their way through Bowland's contours. The second thing that strikes you is the isolation. Through the Giggleswick and all points into the motorway point towards the coast or the lakes, and none overtly to the great expanse of the forest. To cross it, you would need to be heading for Skipton, Giggleswick and all points into the Yorkshire Dales National Park. Many Lancastrians hereabouts claim Yorkist origins, and vice-versa. The third thing is accent. The deeper you penetrate Bowland, the quicker the locals lose their rolling 'r's in deference to the softer 'l's of Cumbria. The same is true for the harsher voices from Yorkshire. Step into one of the village pubs on these particular fells and you would be hard put to know which county you were in, at least to southern ears. They claim the Forest of Bowland for their own from Preston in the deep south to Lancaster in

the north, with other claimants as far apart as Kendal and Harrogate. But outside this restricted area, the forest is little known except to walkers. The motorist fraternity mainly stays well clear. Do not let that deter you. Take the back road out of Blackpool across the Fylde towards Longridge and Clitheroe, passing under the M6 at Broughton. Just before Longridge, watch carefully for the left turn to Chipping and Dunsop Bridge, which will bring you to Sykes Fell and the dramatic gash between it and Whims Brow - the Trough of Bowland. From here, it is a gradual run down towards the bottom of the Vale of Lune in the shadow of Bowland's fells and pikes, on near-deserted minor roads, to Brookhouse and the A683. Within the space of a few miles, you leave behind the rugged heights and move into an altogether different but equally secret landscape. The Vale of Lune, admired by Constable and adored by Ruskin, looks almost too perfect in places, as if laid out by some great gardener. The river meanders through water meadows, twists and turns below the heights and, at the small town of Kirby Lonsdale, presents a picture straight from a landscape painting. Ruskin's View, from a wooded walkway above the Lune, looking towards Wharfedale, remains unchanged, a living example of pre-Raphaelite perfection.

Not so Kirby Lonsdale itself. That has changed from a picturesque stone-built town to an up-market community where every second car seems to be a Range Rover and every second shop a high-class grocer. Counting the number of head-scarves on a Saturday morning, you conclude that the fussiest Sloane would be at home here. When you compare Kirby Lonsdale with, say, Preston or Blackpool, you might just as well be in London's Kensington, so great is the social contrast. It is still a very pretty town, though, perhaps too close to the lakes in the high season for comfort but a good base both for the rest of the Vale and for Bowland. Follow the Lune north out of town, where the Vale narrows considerably, and return via the minor roads on its western bank, back past Kirby Lonsdale and on to Artholme and Mellings. For centuries this was warlord country, with each local master switching sides and allegiance as the fabric of England wove together gradually. All that has long since been absorbed into a countryside of neat fields and villages, the history of which is now a footnote in the parish magazine. But should you wish to provide a foreign visitor with a true taste of England, this is the place to come. And, given the daunting prospect of returning down the M6, who could blame you for wanting to stay?

BMW v. Mercedes: a tough choice for user-choosers Pinnacles of desire

AFTER 1,000 miles (1,600 km) in a Mercedes 300 and the following week in a BMW 525iSE, comparisons are not odious but unavoidable. These cars are twin pinnacles of desire for business motorists - but which is the better? I find it very hard to provide an answer. Given that company was paying, I could live blissfully with either. Three years ago, when the Mercedes 300 was new and the BMW 525 was nearing the end of its life, I would have had no doubt - it had to be the Mercedes. Now, with the 300 in its fourth year of production and the BMW 5-Series newly-arrived on the British market, I would go for the 525, although by the narrowest of margins. I do not make this judgment on mechanical grounds, for the two cars I drove were beyond reasonable criticism although, in some important ways, quite different (more of this in a moment). What I am looking at are the non-enthusiast features: the kind of things wives notice at once about cars and which the performance-obsessed testers of motoring magazines ignore. Coincidentally, both Mercedes 300 and BMW 525 were an identical shade of metallic bronze. The Mercedes had a sombre grey interior. The BMW's was altogether lighter and more cheerful in fawn. Both cars had pretty much the same amount of space inside and well-shaped seats. The BMW's upholstery was better, but comfortable; however, I found the seats in the Mercedes unwieldy enough to make me wriggle after a couple of hours on the road, although a passenger with back trouble had no complaints. Have any readers, I wonder, whose Mercedes because they liked the seats? Or did they have one despite them? Has any reader rejected a Mercedes simply because the upholstery was too hard? I must, as I have before, quibble about the veneer trim around the 300's centre console. I am assured it is real tree wood, but only German genius could make it look like Formica coated with clear nail varnish. Do buyers really like it? I preferred the plastic mouldings in the BMW. Some people complain about the size of the steering wheel in a Mercedes 300/300. It is, they say, unnecessarily large. Perhaps so. But at least it gives an unimpeded view of the plain, easily-read instruments. In the BMW, a tall driver finds the top half of



The Mercedes 300D (top) and BMW's 525iSE: mechanically, both are beyond reasonable criticism

about 100 miles of running around in France. Next day, when I drove off the boat at Newhaven, there was plenty of the cheap Welsh diesel left to get me home. At least half of the 455 miles (744 kms) had been on motorways with the car laden quite heavily. Both cars have simple luggage space. The Mercedes swallowed four people's weekend cases plus the boot of visits to a hypermarket and Diaprep's marvelous Saturday morning market. Two golf bags and trolleys looked lost in the BMW's boot. The BMW 525iSE and Mercedes 300D each had ABS brakes, power windows, and electric tilt and slide sunroofs that were almost free from wind buffeting at 60 mph (97 km/h). Both rode well on all kinds of roads, with no more noise or harshness from the 525iSE's 60-series Pirellis than from the 300D's slightly narrower tyres. Handling was sharper in the BMW because of the latter tyres' less weight up front. Neither car (no, not even the BMW) struck me as sporty in character; just refined, more than adequately rapid and equipped fully. The BMW would have cost around £23,000, key in hand, with its optional metallic paint and on-board computer. The Mercedes 300D is listed at £20,900, but my car had a host of extras (among them velour trim, electrically-adjustable front seats and automatic transmission), raising the on-road total to a little over £28,000. This tankful took me home to Tunbridge Wells, then to Gatwick and back, down to Newhaven for the Seathk ferry to Dieppe and

Stuart Marshall

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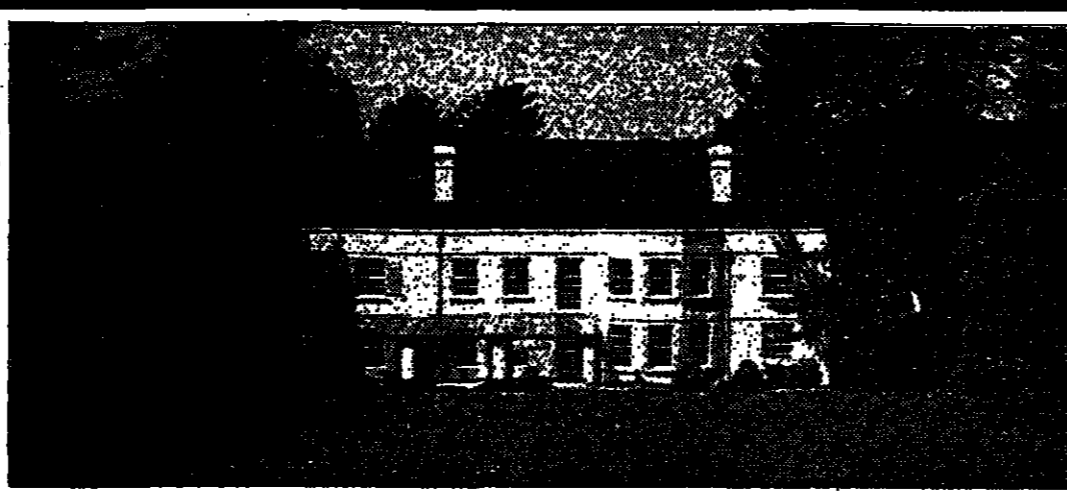
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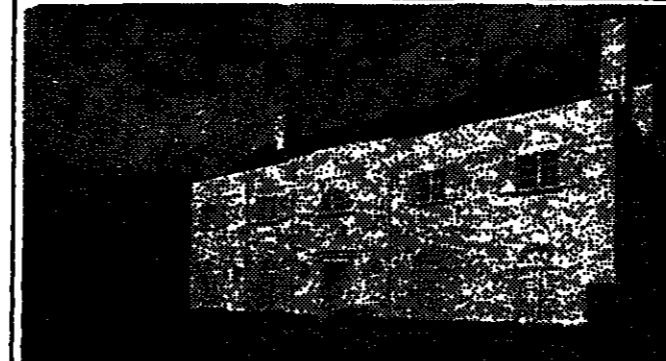
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PROPERTY

Hilaire Gomer on how best a prospective purchaser can smooth the path to finding an ideal property

When a dream home becomes a nightmare

SEARCHING FOR the house of your dreams miles away from where you live is a mug's game. There are several handicaps you can do little about. First is the time it takes to arrive at the house in question, hours and hours of driving there - and back - in a day if you want to keep the cost of the whole exercise to a minimum.

The day trip limitation means that a comfortable maximum number of hours at the wheel is eight: four out and four back. Assuming for simplicity's sake that you set off from London and are searching for a weekend retreat, a holiday hideaway, or a complete relocation away from the city, this puts your outer perimeter as far as west Devon, mid-Wales, north Shropshire and north Yorkshire. With a big breath it is possible to tackle Cornwall or Cumbria in a day, but this is not recommended.

The second problem is that, by definition, you always fall to be the early bird. The house is usually put first in the local papers and local estate agents' windows. Don't forget that the locals like moving, too, often to the nicer house on which they have had their eye for years.

As you flip through the pages of the latest Country Life, you spot a good-looking, sash-windowed prospect. You ring to arrange an appointment at the weekend and learn that it is already under offer - "in excess of the guide price," says the agent, with relief. So sucks to you, London Money. By the time a period property in the £150,000-upwards market appears in Country

Life, Landscape or The Field, it has been on the market for at least a month.

Saturday's FT, the Daily Telegraph on Wednesday and the Sunday newspapers (all essential reading) get the ads quicker than the magazines. Friends can be asked to send local papers so you can beat the competition. It is sensible to register with every local agent, however small and obscure, and keep sending back the renewal card, too.

Search companies are the subject of a whole article in themselves, but the motto is not to hand over any cash until you feel that they are trustworthy and understand exactly what you are looking for. One re-location agent in Hereford expects clients to part with more than £200 before he sends them a single particular.

The third problem is one that can be mitigated with practice. On the whole, estate agents are a reasonable bunch trying to make a decent living like the rest of us. There are times, however, when most of them are economical with the truth when writing house particulars, and the keen house-hunter must develop sensitive antennae to spot the fudge.

The first thing to get clear with the estate agent BEFORE setting off on the three- or four-hour trek is the state of repair of the property. Ask the agent questions about which he cannot be vague, such as: "Could a family with three children under eight live in it?" or "Does the roof leak?" or "This central heating - what does it

cost exactly?"

Some agents list the size and uses of the rooms precisely, so you begin to build up a picture of a reasonable sort of place. They do not mention that the cribs and floorboards will be visible throughout. A popular event at present is the vendor moving out of his old farmhouse/cottage (usually a wreck needing a minimum of £50,000 to bring it into the 20th century), and converting with your cash the nearby (but from your kitchen door) barn or stable

There are times when estate agents are economical with the truth when writing house particulars

into his new, cosy home. Often estate agents do not mention this, or play it down.

Living right beside your home's previous owner is different from just having neighbours across the fence. One breezy Somerset farmer's wife reassured a disconcerted couple she was showing round her derelict farmhouse that she had just planted "quick-growing conifers" which would make a nice boundary between the house and the soon-to-be-converted barn. Thank you. Another killer for a house that looks

wonderful in the agents' colour photo is what is just outside the range of the camera's lens. Examine carefully all photos. Look for chimney pots, aerials and any suggestion of a tyton. These can be vital clues to major expenses which will emerge in their full awfulness on arrival. One house-hunter became so neurotic that now he examines photos intently with a magnifying glass. "It may sound mad, but it's worth doing," he says.

A good idea is to buy an Ordnance Survey map of the area you fancy and study it before deciding to make a special trip. Dedicated types can invest in the huge 1:2500 scale which plots every tree, the agent, school, building or business (a scrap post battery bank? a pub?) you can see from the lawn or beside your boundary. The price must go to a spectacular house on southern Dartmoor. A wonderful photograph of an early Victorian mansion graced the particulars. It was in good nick: five bedrooms, three self-contained holiday lets, garden down to a tumbling river. Magic, and suspiciously good value at £200,000.

In fairness to the agent, he did respond to questioning with the news that the place was not for those "looking for peace and seclusion." The reality was even more heart-rending than the hint intimated. Apart from being heavily overlooked because of conversions of several outbuildings, the entire environs were dominated by a 1950s caravane to home for the dis-

tant. It was like counting across Omelette point on its side in the middle of June.

Another crucial aspect to watch out for is the proximity of roads, lanes, 99th motorways. Again, estate agents take the light of the agent in which any of these defects from the property listing. Some agents, however, come difficult to catch. One couple didn't follow property advertisements directions on how to get to a pretty Queen Anne house north of Ludlow. After a good 3 1/2 hours on the road, it was astonishing to listen to the rush of traffic every 30 seconds from the Ludlow/Birmingham "B" road just past from the front door.

In another instance, down in east Devon, the estate agent when questioned said: "You, the lot is about a mile away, but you can't see it." In fact, standing in the garden looking south across the sea towards the beautiful Black Down hills, the noise level was alarming. Not much has happened since the day of a newspaper's afternoon listing in their front garden on a hill adjacent to the "B" road. It was a disaster.

Miras deadline lures gazumpers

THERE ARE only two buying weeks to go before the August 1 Miras deadline, after which tax relief for new purchases can be claimed on only one mortgage per household. There is nothing to prevent multiple-mortgage applications after that date. But the race to buy ahead of the deadline, and before tax relief can be claimed by only one of the joint owners, has been clearing the stock of lower-priced properties from the books of agents throughout the country.

The Royal Institution of Chartered Surveyors' most recent survey of comments from its residential agency members confirms the view that the race to buy before August 1, and instances of multiple-mortgage buying, are not limited to the high-priced starter properties of London. Ian Purkiss, of

Hockeys in Cambridge, cites the approaching tax deadline as one reason for the "extremely buoyant" local market.

In Sleaford, Lincolnshire, Escrib Barrell Morris reports price rises over three months "as high as 15 to 20 per cent for small, first-time buyer homes." Robin Falle, of Gribble Booth and Taylor in Plymouth, Devon, commented (albeit before the recent round of interest rate rises) that "the input from 'outside' purchasers, coupled with low interest rates and the August deadline for dual tax relief, have fuelled the market to an extent that induces a degree of panic buying."

Jane Tait, of the First Time Home Buyers' Advisory Service (01-723-6001), reports that 15 of its last 64 clients seeking help in finding a mortgage were gazumped. She adds that since

contracts have to be exchanged by August 1 if more than one mortgage interest-payer is to claim tax relief, the change in the tax rules was bound to - and has - become a trigger for widespread gazumping.

Given the pre-deadline rise in prices among lower-range properties, prospective buyers would, ideally, be able to counterbalance the £60 a month loss of tax relief on a £60,000 joint mortgage against the risk of waiting until after August to see if the pre-deadline prices cool. In practice, though, agents throughout London - and, indeed, right across the country - are reporting such an acute shortage of flats and houses for sale that the pressure on joint buyers to bid for anything available is understandable.

J.B.



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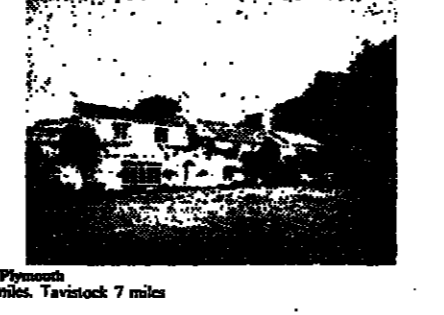
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London Property

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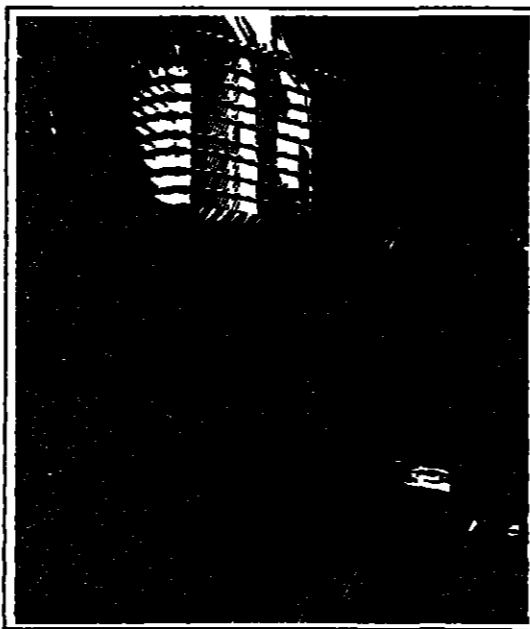


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BOOKS

David Murray on two studies which examine the complex life and logic of the 20th century's most enigmatic thinker
The maverick master of logic

WITTGENSTEIN: A LIFE: (YOUNG LUDWIG 1889-1921) by Brian McGuinness. Duckworth, £15.95, 322 pages

A LETTER from Bertrand Russell, October 1913: "Then my Austrian, Wittgenstein, burst in like a whirlwind, just back from Norway, and determined to return there at once to live in complete solitude until he has solved all the problems of logic. I said it would be dark, and he said he hated daylight. I said it would be lonely, and he said he promised his mind talking to intelligent people. I said he was mad, and he said God preserve him from sanity. (God certainly will.)"

"Now Wittgenstein, during August and September, had done work on logic... as good, in my opinion, as any work that ever had been done in logic by anyone. But his artistic conscience prevents him from writing anything until he has got it perfect, and I am persuaded he will commit suicide in February. What was I to do? He told me his ideas, but they were so subtle that I kept on forgetting them. I begged him to write them out, and he tried, but after much groaning said it was absolutely impossible. At last I made him talk in the presence of a shorthand writer..."

The splendid first volume of Brian McGuinness's new Life is full of such nuggets, from Russell and from the many other sources he has long been tracing. Though scarcely anybody outside the academic philosophy knows what Wittgenstein was about, the very name of a man is a coup d'etat by the urbane Russell's hand being had nothing to do with his perception of him. It is

never forgotten that he is a funny foreigner (with a comical name), but he is reckoned nevertheless to be serious and important; also prickly, demanding and obscure. McGuinness does not pretend to "explain" Wittgenstein, though this volume does conclude with a sketch - opaque to lay readers, I suspect - of the content of his Tractatus Logico-Philosophicus, just reaching publication as the story breaks off. Wittgenstein published no other book in his lifetime. Instead, McGuinness sets out everything available to make the man intelligible: his family history, his education and the development of his philosophising, his

Wittgenstein himself professed suicidal intentions with ludicrous regularity

wanderings and his intense friendships - all the discoverable turns of his life. Evidently the price of invaluable access to family files has been a certain discretion, but that suits McGuinness's decorous, old-fashioned style, and it does not prevent him from conveying - discreetly - the gist of any salient findings. About Wittgenstein's homosexuality, which has been Oxbridge "common knowledge" for a half-century but generated a furious public controversy a few years ago when W.W. Bartley's biography treated it sensationally, he is content to doubt the stories about picking up boys in the academic philosophy knows what Wittgenstein was about, the very name of a man is a coup d'etat by the urbane Russell's hand being had nothing to do with his perception of him. It is

Wittgenstein was a scion of an originally Jewish, enormously cultured, and extremely wealthy, Viennese family, one of five brothers (three committed suicide early, and Ludwig himself professed suicidal intentions with ludicrous regularity). I admire McGuinness's forbearance about remarking it (in so many words) with three less tormented sisters. Their familial and friendly connections with the leading spirits of Austrian intellectual and, especially, musical life make a fascinating exploration, from their having aunts whom Clara Schumann taught, Brahms as a frequent performing guest, and Klimt as portraitist, to having their cousin F.A. von Hayek as biographer. Their father Karl, a robust capitalist, left all his survivors rich.

After an opulent and chequered Bildung, or rather in the middle of it still, young Ludwig came to Manchester to pursue engineering studies. He became profoundly gripped by the consideration of formal principles, and thence by logic. In Jena he managed to meet the great innovator of modern logic, Gottlob Frege, who directed him toward Cambridge to seek out Russell, who soon recognised him as a maverick master.

The record of Russell's generous dealings with his difficult disciple-turned-teacher - for that was how their relationship went - makes edifying reading, distinctly comic but also moving. Russell felt his powers depleted by the labours that Principia Mathematica had cost him, and welcomed Wittgenstein as a freshly energetic heir who would fathom the depths better. Yet, naturally enough, the force of Wittgenstein's most radical rethinking always escaped him. In 1914 Wittgenstein began to give away - anonymously - most of his inherited fortune.

A.C. Grayling's jaundiced introduction to his philosophy (the latest addition to the OUP's Past Masters series) reports only that he made generous gifts to "two poets", McGuinness tells us that they were Rilke and Georg Trakl, and that among many other beneficiaries were Kokoschka and the architect Adolf Loos, with whom Wittgenstein would collaborate later in the rigorous design of a house for one of his sisters. Wittgenstein came home as the Great War began, armed decorations on the Eastern and Italian fronts as a lowly soldier (he disavowed the privileges attaching to his class, though he despised the "mean," "plebeian" company to

Grayling's real theme is that the later Wittgenstein is overrated

both, a daunting challenge to which his response has been compromised, I think, by plain up-to-date antipathy. The themes he selects from the Tractatus and from the posthumous works - in close, even blinkered accordance with current philosophical fashions - get clear and astutely concise expositions (though surely less digestible by lay readers than by the honours-philosophy undergraduates upon whom they must have been tried out). Some crucial doctrines of the Tractatus are scamped, and though Grayling reports the older philosopher's insistence that advancing philosophical ideas is a philosophical exercise, he complains later that Wittgenstein's "theses" are too imprecise to assess. Grayling's real theme is that the later Wittgenstein is overrated: that he was both disreputable and a philosopher of indefensible claims (but here the arguments Grayling provides



Britain's era of golden errors

BRITISH CAPITALISM AT THE CROSSROADS, 1919-1932: A STUDY IN POLITICAL, ECONOMIC AND INTERNATIONAL RELATIONS by Robert W.D. Boyce. Cambridge, £40.00, 504 pages.

THIS IS a pioneering study of the post-1919 decade which attempts to place British financial and commercial policies within a broader domestic and international framework. Dr Boyce, using an impressive array of primary sources, illustrates the degree to which the political elites, above all in the Labour Party, clung to basic tenets of multi-lateralism, seeking the return and maintenance of the gold standard and free trade, and the world leadership the country had formerly enjoyed. Dr Boyce presents a damning portrait of the mercantile-financial class, and of the unique position of an enigmatic Montagu Norman at the Bank of England and the institutional strength of the City, was far more influential in the making of policy than its industrial counterpart. In his description of the return to gold at pre-war parity and his analysis of the costs of this overvalued exchange rate in terms of plummeting exports and rising unemployment, Dr Boyce follows current thinking in deploring the hostages given to the maintenance of the gold standard.

Though he explores the divisions among the industrialists and the complications of their political stance, which made them vote Conservative without turning the Conservatives into a party of industry, he places too much weight on gold and free trade as the source of the economic malaise. Similarly, though it is perfectly true that it was the overvalued exchange rate which limited domestic demand against trade restrictions and, under Labour leadership, rejected European discriminatory schemes in the name of multi-lateralism, it remains, as Dr Boyce admits, questionable whether such options would have saved Britain or Europe from the ravages of 1931. There is still no agreement on the causes of that world depression, or even whether the emphasis should be placed on domestic or international factors in explaining its impact.

There is no question that the path followed by Philip Snowden, the Chancellor of the Exchequer, and the weaknesses and vacillation shown by Ramsay MacDonald, not only helped defeat League-sponsored multi-lateral trade relations and European regional arrangements, but

ultimately encouraged that general turn to autarky and nationalistic extremism which was the worst possible solution for the maintenance of the fragile European equilibrium. As Britain had the largest world import market and remained the key political counterweight in the Franco-German balance, her influence was far greater than her exposed financial position suggested, and her choice of options was critical for the future history of Europe. Though far wider in scope and approach than earlier studies of the return to gold and the crisis in 1931, this account is not an inclusive study of British capitalism at the crossroads. It does move out, however, from Whitehall and Threadneedle Street to look at other institutions. London is the centre but New York, Paris and Geneva are not ignored. The history is something more than an account of a single fatal error; important parallels are drawn with the post-World War Two period and instructive "lessons of the past" suggested. Dr Boyce calls attention to the dominant role played by the financial establishment and shows how costly that predominance proved to be. The politicians were too easily impressed by the advice of the Bank of England and the City worthies. The financial experts were more often wrong than right in their expectations and predictions. In sharp contrast to recent American studies, this book stresses the inconsistency and irregularity of the American contribution to the stabilisation of the world economy and the weaknesses of her leadership both before and during the 1931 crisis. Yet the British repeatedly opted for the American option despite obvious clashes in national interest and other serious differences. Even in 1931, when hostility towards the US was at a peak, its intensity was disguised and British wrath was concentrated instead on Paris, with devastating political consequences.

Dr Boyce reminds us, too, of the strong post-1919 European roots of the present EEC and the ambiguity towards this continental orientation. In the 1930s the imperial alternative still existed, though it was a somewhat distant and unattractive alternative. The British were not entirely happy with inclusion in a British-dominated Empire bloc. In more than an economic sense 1931 marked the transition point between the post- and pre-war eras. Dr Boyce's account suggests contemporary contentions which are well worth pursuing.

Zara Steiner

Fiction Not quite the mighty Quinn

QUINN'S BOOK by William Kennedy. Cape, £11.95, 289 pages. TO ANNA by Valerie Blumenthal. Collins, £11.95, 351 pages. OUR SONG by Keith Waterhouse. Hodder & Stoughton, £10.95, 209 pages. CAMEO by Winston Graham. Collins, £10.95, 238 pages. LOVE ON A BRANCH LINE by John Hadfield. Alastair Press, £10.95, 291 pages. LEADER OF THE BAND by Fay Weldon. Hodder & Stoughton, £10.95, 196 pages.

QUINN'S BOOK is by William Kennedy, the author of the recently filmed *Ironweed*, itself part of a trilogy called the *Albany Cycle*. Quinn's Book, like so much by academics (Kennedy is a professor at Albany), is a mixture of seriously intended literature and soap-opera. But the seriously intended literature does achieve seriousness, and Kennedy, even if not yet "one of the great American novelists" (as is too rashly claimed), deserves credit for his skill and vigorous imagination. Written in a self-consciously rhetorical style that is highly artificial but nevertheless effective, the novel begins in late 1949 and concerns one Daniel Quinn, who becomes a famous war reporter but who is devoted above all to one Maud Fallon, spiritualist and dancer. Quinn's Book, though largely factitious and hardly convincing, and possessed of a shamefully sentimental

and badly written ending, does have genuine energy and inventive dialogue, and intelligence. To Anna, a first novel, again combines seriousness with (presumably) deliberately crude writing, such as disfigures popular sagas. Bernard Foligno is from a family of Sephardic Jews. His father wishes him to join the family firm, but he breaks away to become a pianist and composer. He finds success but cannot be happy because of his love affair with a Catholic girl. The book's climax is the performance of his Concerto for Piano and Violin, "dedicated to Anna." The background to this enterprising story, the story itself, and the research into it are impressive. However, everything is let down by the execution. There is enough evidence here of the author's intelligence, and little reason for the strident, cliché-ridden and poster-coloured writing. In the first-person *Our Song* by Keith Waterhouse, Roger Epher, pretending to his wife that he is writing a novel, tries to work out of himself the trauma of a violent and unsuitable love affair. This is commonplace stuff, written in a commonplace manner, but it is sincerely and deeply felt, and I suspect that its commonplaceness may be a part of its strength: though overlong, it is surprisingly readable. In his latest deserved blockbuster, Winston Graham has taken the theme from his 1942 thriller, called *My Turn Next*, and transformed it into a historical tale of a squadron leader who makes a mistake while he is on



Valerie Blumenthal: disappointing debut

leave in the London blitz - a mistake which causes him to be on the urgent trail of a sadistic killer. A good, straightforward suspense story. The bookman John Hadfield published his only novel in 1959. It was a comic extravaganza involving a crazy East Anglian railway, and it delighted P.G. Wodehouse. One can see why, and one applauds the Alastair Press's venture in reissuing it. It contains some scenes, including an epic drinking one and a mad cricket match, which challenge Compton McKenzie at his funniest. Most readers over 50, and many more besides, will wish to read or reread this. Every author is entitled to at least one lapse, and here, in *Leader of the Band*, by Fay Weldon, the kindest thing one can say about this set of snippets from some capital factfinder and over-indulgent and egocentric narrative is that one assumes that its author will want to put it behind her as soon as possible. Martin Seymour-Smith

Douglas Jay on one man's war An eye-witness to appeasement

COUNTDOWN TO WAR: A PERSONAL MEMOIR OF EUROPE 1938-1940 by Geoffrey Cox. William Kimber, £12.95, 229 pages.

GEORFREY COX, a New Zealand Rhodes scholar at Oxford in 1932 and chairman of television companies since the 1960s, here tells the ghostly story of appeasement and Hitler's rise to power from early 1938 to the autumn of 1940. As an eye-witness who has always excelled in the art of descriptive reporting, and in devotion to accuracy both of detail and substance, Sir Geoffrey traces the long misbegotten decline from Runciman's "mission" to Caschoclovakia in the summer of 1938 through Munich, the phoney war, the Russian attack on Finland in 1939, the Nazi invasion of Holland and Belgium, and finally the refuge from Paris and the surrender of the remnants of a French Government in Bordeaux - from which he escaped on the last ship to Falmouth.

All this (until joining the New Zealand forces in 1940) he experienced as a Daily Express correspondent, and he recounts it in such exact and vivid detail as to be presumably drawing on his own press records as well as a personal diary. Geoffrey Cox left the News Chronicle for the Daily Express in 1937. He evidently found the opportunity of working with Arthur Christopher some compensation for the indirect - and sometimes direct - contact with Beverbrook. He describes the suffocating pressure on many journalists in 1938 and 1939, filtering through from the advertising interests, the City and the political establishment, to tell the public that Hitler meant no harm, that there was no need to re-arm, and anyway that war-talk was "bad for business." In January 1939 the Express news desk stepped up its demands on the Paris office for more stories of "crime and scandal". It was not Fleet Street's finest hour. As one working as a City journalist in those years (happily not on a Beverbrook paper), I can heartily endorse the picture he

paints. Beverbrook himself was the loudest, if not the only, beguiler of the mass illusion. From the front page of the Daily Express was adorned by the immortal words: "Britain will not be involved in war. There will be no major war in Europe this year or next year either." This slogan, Geoffrey Cox describes as a "skillful though disguised advocacy of appeasement." Michael Foot, in a recent memorable essay on Beverbrook entitled "The Case for Beebeeb", has put the best case for the defence. But most readers of Geoffrey Cox's account will conclude that the more lasting memorial to Beverbrook is likely to be not that essay, but that unforgettable slogan: "There will be no war this year or next."

The appeasers in France were, if anything, even more culpable. In writing of the phylloxy in Paris in the summer of 1940 who "preferred to surrender to the Nazis rather than to continue a fight which would put their wealth and power at risk," Geoffrey Cox echoes R.A. Butler's description of French high society at this time as "worm-eaten." In a final chapter, after recounting the capitulation of the improvised French Cabinet at Bordeaux in June 1940, Cox has been hit by the whole long-drawn-out fiasco "as it looks now." He convincingly rejects such specious attempts as have been made to excuse Chamberlain, and judges - on the evidence, I think rightly - that it would have been better if the Allies had gone to war in September 1938 when they had 30 Czech divisions, a Czech armaments industry, and a moral case on their side, and no Ribbentrop-Molotov pact had yet been signed. For "though in the year between Munich and the outbreak of war we improved markedly our armaments and preparations" (in Cox's words), "the Germans improved theirs even more markedly". Or, as John Wheeler-Bennett put it, the appeasers had either landed us in a position at Munich where we could not fight; or refused to do so when we could.

Countdown to Mars

RACE TO MARS edited by Frank Miles and Nicholas Booth. Macmillan, £12.95, 192 pages.

RACE TO MARS gives a comprehensive account, in reasonably layman-like language, of what a trip to the Red Planet would involve in human and technological terms. There are sections on how people would live on the planet and explore Mars's two moons. There are also sections about the unpleasant things from boredom to huge doses of damaging radiation, that the

adventurers would be likely to experience. Not that any discouraging aspect of the proposed visit would put off the real enthusiasts. The benefits of such a mission would, according to the book, be immense, both from a scientific point of view, and in terms of the material riches that people might be able to amass through obtaining metals from far-away worlds. The book is good value and should be read by adventurers everywhere. Peter Marsh

The allotment: its landscape and culture

THE ALLOTMENT: ITS LANDSCAPE AND CULTURE by David Crouch and Colin Ward. Faber & Faber, £13.95, 322 pages.

GLIMPSED FROM the train, the allotment seems to epitomise honest labour, working-class male activity and a wholesome world of fresh air and organic vegetables; the world of flat caps and penicillins. As David Crouch and Colin Ward make absolutely clear, this is both true and utterly misleading. The allotment may stand for escape, it may provide subsistence, it may be a palliative against long-term unemployment or it may be simply a leisure activity. The patch in question may be urban or rural, tended by women or whole families, by middle-class professionals or factory workers. It has its own history, its own symbolism, its own organisations, as well as rich international connections. The allotment is, then, not a bad lens through which to look at our culture. The movement goes back to the Diggers of 1649, but the first Enclosure Act stipulating that

allotments should be provided for the rural poor was in 1806 for Great Somerford, Wiltshire. Farmers often objected, ruminating on about their labourers saving their energies for an evening's stint on the spade, but they were frequently opposed by local clergy, who were active in promoting allotments. After a succession of muddled efforts at legislation the 1908 Act obliged local councils to provide allotments. Abroad, Germany led the way with the development of Schrebergarten in the mid-19th century. In 1934 the members of the German National Small Garden Association were exhorted to "plant National Socialist ideas into the small garden movement." Equally, one of Gorbachev's first moves was to encourage the, till then, unoffi-

The growth of culture

tial growth in allotments. In Russia as in Eastern Europe in general, an informal world based on gardens and summer houses has become a basic antidote to authoritarianism, as Kropotkin knew well enough. One of the strengths of this book is the use of oral history, as well as the authors' own acute observations and conversations with various allotment holders. The special element of reciprocity which every gardener knows, the gift of spare seed, the sharing of an extra large crop, the mutual support of neighbours, is at its peak on the allotment. Despite the Thorpe Report, the 1984 Wilson Government's inquiry into the subject, which fell on deaf ears, and the depressing ranges of the National

Society of Allotment and Leisure Gardeners, this is essentially a cheerful tale, of enthusiasms - nay passions - of communal effort without gain, of days in the open air and a good meal at the end of it. Fashion and government campaigns (such as Dig for Victory, which followed an equally successful campaign in World War One) have encouraged the movement, but allotment holders are a steadfast lot anyway. One in 40 households in this country tends an allotment. The authors see it going further. As agribusiness stumbles and farm land comes out of cultivation, an allotment boom might well be round the corner. As David Crouch and Colin Ward end their account: "The allotment is a humble part of the contemporary world, but it enshrines values and priorities that everyone agrees with..." They continue: "The man with a bunch of carrots over his handlebars has not survived despite the enormous changes in our culture, but because of them." Thank goodness. Gillian Darley

Fairway foul play

DEAD BALL by Barry Corst. Collins, £9.95, 220 pages.

THE SETTING is a golf tournament, on which all sorts of interests - sporting, economic, romantic - converge, with dramatic results. For a while, the police try to convince the public and themselves that the series of mishaps and murders is coincidental. Inspector Angus Strain thinks otherwise, and, sacrificing much of his holiday, he arrives at the truth. The narration is discursive, over-crowded with incident, and the explanations at the end are somewhat breathless; but the novel is always enjoyable. REDEEMPTION by Jill McGown. Macmillan, £9.95, 256 pages. JILL MCGOWN is a crisp writer and a spellbinding story-teller. As a kind of challenge, she sets her murder in a vicarage. But instead

of Jane Marple, she gives us an equally huzzan and credible police team, Lloyd and Judy, who sort out their relationship as they investigate the crime. MURDER ON MARTHA'S VINEYARD by David Osborn. Constable, £9.95, 192 pages. AN UNFIDY but engaging piece of fiction involves, at the start, considerable flashing-back, and the slovenly reader will have a hard time bearing in mind which summer was which. For this is very much a summer's tale, of islanders versus vacationists, squalls and lobster pots. The atmosphere is persuasively done; the crimes a bit harder to accept, but the book's genial air makes you willing to meet the novelist more than halfway. William Weaver

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DIVERSIONS

Does the Education Reform Bill pose a threat to academic freedom? Christian Tyler reports

The dons who fear the dole queue

"GOOD AFTERNOON, Mr Newton. Please sit down."

"Now then, Trinity informs us you've done some very good work on what you call 'em - fluxions? Perhaps you would tell the Council what you're doing at the moment..."

"I see. In the garden, you say? And what is this stuff, er, gravitation?"

"Quite, quite. I see. But what the Council needs to know is what it's for."

"Oh. But surely you can think of some industrial application... you know, some export potential? Funds for research are limited, Mr Newton, so I'm sure you appreciate that as a country we simply must be more competitive..."

"I see. Well, I'm sorry to hear it. Naturally, we'll let you know. But I must say, quite frankly, I don't hold out much hope. Thank you for coming to see us, Mr Newton."

OF COURSE, Isaac Newton never had to face a Universities Funding Council of the sort proposed in legislation now going through Parliament. He got his tenure at Cambridge, more than fulfilled his early promise, and was among those academic freedom fighters who resisted King James II's attempt to install Catholics in top university jobs.

Today, many dons believe they are facing a threat to academic freedom every bit as great as that posed during King James's inglorious last years before the Glorious Revolution of 1688.

The cause of their alarm is the Education Reform Bill, which abolishes academic tenure formally for scholars newly-recruited or promoted, and which replaces the University Grants Committee with a market-sensitive funding council on which businessmen, not academics,

will call the shots.

Thanks to the presence in the Lords of so many university chancellors and senior academics, the dons' campaign against the Bill has been more successful than that of any other pressure group. But it will certainly be redoubled in the next few weeks if, as they believe, ministers decided in conclave this week to overturn in the Commons the crucial Lords' amendment to so-called contract funding.

The success of British university education traditionally has been defined by this sort of an equation: tenure = freedom = excellence. But it has become clear, even to the Government's most dedicated opponents, that the fight for tenure is meaningless if the fight over funding is lost.

Not that the controversy over tenure is dead, by any means. This week, the Association of University Teachers was preparing a legal petition on behalf of Edgar Page, a 57-year-old philosophy lecturer at Hull University who believes he is the first tenured academic to receive a dismissal notice for refusing "voluntary" early retirement.

In the past eight years, according to one estimate, 4,000 dons have been squeezed out of their jobs by public spending cuts. Tenured or not, they have all gone more or less quietly. Page is different. He was selected for early retirement after 22 years at



Hull because he is the oldest member of a department of eight which the university wants to reduce to seven. "Voluntary" means there is a choice," he said yesterday. "And I chose to say no."

There is no suggestion that Page is being asked to go because his work is poor or controversial, as has happened in some previous instances. He works in the comparatively new field of "applied ethics," studying the ethical problems raised by test-tube babies and surrogate mothers. The *Genetic Relation*, the book he is writing under contract with Blackwells, has been held up by the future.

The union is treating Page's stand on principle as a test case. It has called on all academics to boycott the university and there is talk of industrial action on the campus.

Whatever the legal validity of Page's argument, it is not the sort to attract much sympathy outside the groves of academe. "Tenure is not popular with the public," says hair Crawford, a member of the Committee for University Autonomy based at the London School of Economics. "It is seen as the worst kind of closed shop."

While academic tenure has been the custom since the Middle Ages, it

has been protected statutorily only in modern times. Contractual terms and university statutes vary, but tenure usually means that the appointee has his job until retirement and can be sacked only for gross misbehaviour or gross incompetence.

According to the AUIF and others, academic tenure is not as rare a privilege as people imagine. Judges, civil servants, the police and doctors could all be said to have tenure of a kind. Yet, there is no doubt it confers a special security, if only through custom and practice. Lord Wedderburn, professor of commercial law at the London School of Economics (LSE)

and a left-wing peer sat in the education debate, says: "Everyone feels different the day after they get tenure."

The normal protection period in the UK is three years. In the US, seven to 10 years is quite common. Curiously, there is no longer any age limit on tenure in the US - "agraria," like racism and sexism, is a serious civil-misdeemeanour there. But tenure is more circumscribed than in Britain: grounds for dismissal include moral fitness, medical fitness, the bona fide cancellation of a research programme and financial exigency - but it must be a genuine cash emergency at the university.

American tenure was made formal with the creation of the American Association of University Professors in 1915. Jordan Kurland, associate general secretary, says the purpose was to defend professors of economics and science who had come under attack for strange, "socialistic" ideas imported from Europe. It proved its worth during the McCarthy and Communist witch-hunts and again during the Vietnam war, when professors were accused of stirring unpatriotic sentiments among their students. Today, he says, it is relatively secure, adding: "What has happened in the UK in recent months has been a genuine shock to the American academic community. We thought the values associated with academic freedom

were part of the warp and weft of British life."

It hardly guarantees academic freedom, it can do no more than the restraints of the Charter of Cambridge. Sir Peter Swireman, Dyer, caused a stir in 1981 when he spoke of those who "merely give the same aging lectures from the same ageing lecture notes... Here, as in every university, there are academics who draw a full day's pay for half a day's work."

Dr Anthony Smith, a reader in sociology at the LSE and another member of the Committee for University Autonomy, conceded that vice-chancellors had not wanted the tenure escape clause vigorously enough in order to clear the academic dead-wood. However, he is dismayed that ministers rejected a compromise proposal whereby dons could be awarded 10-year contracts. He says he is not political but claims there is an ideological as well as financial motive behind the Government's reforms.

If you are a crusading government, you don't want dissenting voices who might command a lot of public attention. It's a curious paradox. The intelligentsia has no great weight here. On the other hand, individual academics can be highly regarded - people like Bertrand Russell, A.J.P. Taylor, Lord Decree - and are wheeled out by TV, radio and the Press.

The Association of University Teachers sees another paradox. "Tenure used to be a sign of distinction," said the union's spokeswoman. "But once the Bill becomes law, it will be a sign that you weren't good enough to win promotion. The fight for tenure might be lost but the battle for academic standards continues." Arno, Sir Isaac.

SCARCELY had I moved into my house, in a middle-class suburb of Lahore, than I was besieged by an army of pale-faced newcomers. I began to realise how owners of stately houses must feel for they trooped through the house, picking up this, that-buttering over that. And then they were gone, disappearing as quickly as my favourite pens.

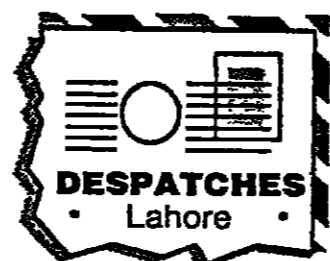
The peace did not last long. I'd mentioned I needed a servant and word spreads quickly here. Soon, an assortment of young girls appeared. Eventually, I found one who seemed to understand that my chilli tolerance levels are well below those of an average Pakistani and that I would rather not face stuffed goat for dinner.

On her second day with me, Joshta appeared at my bedroom door brandishing a sheet of paper covered in Urdu script. "Can you get me a divorce?" she asked. I was somewhat taken

Sold out - to an old dwarf

aback but, having attended my fair share of Pakistani dinner parties - where conversation often revolves around problems with servants - I knew that, in return for unswerving loyalty, one is expected to look after every aspect of the health and welfare of one's staff and act as intermediary in all their dealings with officials.

While wondering quite what to do, I asked Joshta why she wanted the divorce. She explained that she had been introduced to a boy from another village and told she was to marry him. He was tall and handsome, and in the days preceding the wedding became the subject of all her dreams. Finally, the wedding day



Sympathising with this sad tale, I called on a lawyer friend for advice. Having examined the document, he told me that there was no way Joshta could get a divorce because she - who, like 74 per cent of the population, is illiterate - had signed her life to this man, all for a few rupees in her father's pocket.

Joshta was openly disgusted with my failure to resolve her problem, and subsequently left.

Christina Lamb

Tom Fort goes fishing and returns a chastened but wiser man

He that shall humble himself

IN FISHING, as in other matters, the acquisition of humility is a necessary but usually painful business. After four days of character-forming exertion in Cumberland (the right-minded angler does not recognise Cumbria), I am distinctly humble. I have undertaken a period of self-examination. I trust I have emerged a wiser, more mature fisherman.

My companions on the trip were three in number. There was the Greedy Brother, whose chief enthusiasm in life is evidenced regularly elsewhere in the Weekend FT but who also likes the occasional riverside foray; the Sleeping Brother, who was once the keenest of us all but now prefers dozing to fishing; and the Crafty Irishman, who always catches more than the rest of us put together, is modest and helpful with it - and generally makes us feel like inferior beings.

Each year we migrate to fish the Eden and its tributary, the Eamont, near Penrith. The Eden is a great river, broad and strong and long. Once, it had great runs of salmon. Now, the salmon are comparatively few, although the native brown trout are still plentiful, as they are on the Eamont.

These are in the dole queue farm-bred products used to stock the streams of the south. They are wild in their spotted beauty, and wild in their behaviour when hooked. They are relatively small - a fish of a pound is a respectable one. In view of their great



number they should be easy to catch, and I was feeling pretty confident.

I had had several good days with the mayfly on a variety of man-made southern waters. My talk was of baskets of trout, rather than individuals. In short, I was in a foolish state of mind and riding for a fall.

The first evening was a beauty: a little cool, but still and clear. I decided in advance that it would be an evening for the sedge. I like sedges, those fat flies that whizz about at night and flutter so

appetisingly on the water. As we walked up-river, the Crafty Irishman told me he thought it was a sedge evening, too.

The light was dimming as I slipped into the water below the wild currant bush. The fish began to rise, at first with restraint, then with enthusiasm. I banged the sedge on their heads in determined fashion. One simple-minded little fellow gave himself up and was returned. Confirmed in my folly, I continued with the sedge. It was ignored.

I put on another sedge. It floated down untouched, mocking me as the trout splashed around it.

Enervated by this display of faddishness, I decided that I should really be fishing elsewhere. I strode down-river, and spotted the Crafty Irishman playing a fish. Instinctively, I knew it was the latest of several. He proffered the information that it was not a sedge evening, after all. It was a hatch of Blue Winged Olive, and he was fishing an Orange Quill. I snorted and marched on. When I got to my alternative spot, it was com-

pletely dark and the rise was finished.

Next day, I spent the hours of full daylight walking an immense distance, attempting without any success to fish into the teeth of a downstream gale. By evening the wind had dropped, and this time I was ready with the Orange Quill. There was no rise. The Greedy Brother fished the spot where I had flopped the night before and caught four good fish.

On the third day, a chasm of despair opened before me. I walked the same distance as the previous day and fished into the same wind, with the same result (except that I yanked my fly out of the mouth of the best trout I saw all weekend). In the evening, thank God, we went out to dinner, so I was spared further humiliation.

Monday was our last day, and we had to leave after lunch. By this time, both the Greedy Brother and the Crafty Irishman had enjoyed a sufficient measure of success. They were blasé about their own efforts, insufferably condescending towards mine. As I set off for the currant bush run for my final throw.

I cast away for a while with no result, and began to feel familiar desperation. Then, a decent fish took my Greenwell while I was looking the other way. A trifle ashamed, I netted it and rapped it over the head. A little way upstream, in a quiet run off the main flow, I saw swallows dip for flies. I approached and saw a sip at the surface. I caught that fish, and then another. I hooked a third, and lost it. Fifty yards above, I saw another sip and caught the sipper.

I brought back the four fish, which the Greedy Brother fried and which we ate in our fingers. They were sweet to eat, sweeter by far to catch. As I munched, I reflected on the nature of an obsession that enables three days of failure to be redeemed by four little fish. And I remembered to be humble.

It is raining hard outside the Old Rectory in Sussex

Oh golly, what a Sloane-Wally

LIKE EVERYWHERE else it has been raining extraordinarily hard at the Sloane-Wally's Old Rectory in Sussex, and I must reassure readers that they have been no more successful than the rest of us in fending off the greenfly and keeping the sweet peas upright.

Veronica Sloane-Wally has never felt the same about greenfly since she read in the newspaper that they reproduce by virgin birth: might these habits spread to earwigs? Julian Sloane-Wally usually carries out a weekly massacre of the innocents, armed with the Killa Spray, after church on Sunday.

However, he has been impeded in the past fortnight by an unfortunate incident at Victoria's school sports. One unrecognised side-effect of financial deregulation is that fathers' races are no longer a tolerant lull. They are not an event but a competition.

Speed is increasing in direct proportion to the school fees. Julian has always known privately that he can move very much faster than the funds under his management: three years ago, he left the other fathers standing on the final bend. The next time out, two ghostly banking fathers appeared wearing satin-red running shorts under their suits. They talked about personal bests at the starting tape, for next year the serious fathers took the hint and turned up in spiked shoes.

Robin Lane Fox has been keeping an eye on some friends and tells us what they've been doing in the depths of summer



This year, Julian did have a week's practice, jump-starting between the Princess Michael of Kent roebuck and the avenue of Acer Goldsworth Purple. The feel of his old running shoes brought back old track memories, but he turned up at this year's competition to find that the headmistress had banned fathers from wearing spikes.

One of the problems of school life is that younger fathers take over the forms, which your children occupied when the fees were rather lower. They are not only younger and richer: nowadays, they want to prove themselves quicker, too. In the home strait, Julian was elbowed down by a London estate agent: a twisted knee has put gardening life in question.

Injury never comes at an easy moment. Three years have passed since the fateful move to Sussex. And the biggest success

has been the new-style white garden, enlivened by purple-Japanese maple among a profusion of late-night whiteness: the Grambe cordifolia which they found in a Christmas gardening book. There has even been a new venture. Advancing years - in the rider, not the mount - has meant a new home for Victoria's pony, Peter Jones. Further are ten mowers, avoiding all the worst weeds. And free of mist, Veronica has gone ahead with her plan for turning the garden into a natural wildflower garden.

A charming young man from the county council was only too glad to pay a remarkable proportion of the new garden's cost and maintenance so long as the trees were native broad-leaves and the results were visible with binoculars from a nearby public footpath.

As he could not tell a wild native pear from a weeping silver

A garden's charm is its changing face, says Arthur Hellyer

When the midsummer orgy is over

MANY THOUSANDS of visitors to the Festival of the British Rose, the summer flower show of the Royal National Rose Society, saw the garden which my colleague Robin Lane Fox disliked so heartily when he visited it for the first time a few weeks ago.

A few will have shared his view that it is over-coloured, over-dependent on the modern rose, and that this 20th century version is brash and ungainly by comparison with its ancestors. Most, I imagine, will have revelled in the display, marvelled at the vigour of the plants on soil that is not very good, and wished that their own gardens could emulate this on a smaller scale.

Critics and admirers overlook one element which applies not only to this garden but to all those which concentrate on flowers. Unless great resources of labour and plants are available to effect frequent changes in planting - as was the custom in the great Victorian and Edwardian gardens and still is in some public parks and zoo gardens - displays such as these inevitably are short term.

Had Robin visited the RNRS rose garden a few weeks earlier, he would have found only species and shrub roses in flower with not even a touch in sight of the strong colours he dislikes. In a few weeks' time all the colour will be waning again, for even the modern hybrids - whatever names one may attach to them - do not maintain their midsummer orgy for long, although many do produce further flushes of bloom which are likely to peak in September.

By November it is all over bar the fruits or hips which, even at their most spectacular in species such as *moyesii villosa*, are unlikely to offend the most sensitive eyes. During winter and spring, the rose garden at St Albans in Hertfordshire will be remarkable only for its overall design, its trees, and the well-contrasted green columns and golden globes of yew which were



already a well-established feature long before the RNRS arrived.

The point I wish to make goes far beyond this particular garden. It applies to all gardens in which flowering plants play a major role - which means the majority of gardens made since the 18th century landscape revolution petered out because of the British passion for plants.

Nowadays, almost everyone who opens a garden to the public does so during the period when it is expected to be at its floral peak. It is then that writers visit and describe them and photographers take their pictures. So, between us, we create the illusion that this is how they always are.

acquaintances and getting to know their qualities.

My criticism of the RNRS garden is that the range of its plants is too confined, even though the rose family is enormous. It would gain, I think, from the contrast of some families with totally different characteristics and different periods of arrival.

There have already been moves in this direction and I would be surprised if they did not continue, for this seems to be the way in which English garden-making is moving at the moment.

It might be a good idea if rose breeders also would bear in mind this need for greater variety and spare a little of their time in producing new roses flowering at different times with different leaves, some colouring in autumn - as those of *nilida* - and with hips and thorns of different shapes and colours.

They could also exploit the almost-unexplored variety of rose perfumes more eagerly than they have, with special attention to those that are thrown freely onto the air. Perhaps there is not enough money in any of this to attract the professional, but almost daily excitement of meeting old friends that have been absent for a while or making new

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DIVERSIONS

Have briefcase will travel. How to fit a wardrobe into the smallest possible space
Advice from the leader of the pack

YOU DON'T need to look at the weather to see if it's summer. You can tell when the columns of newspapers begin to fill up with trendy packing advice.

One of the star turns was her "Paul Daniels magic briefcase trick". Into one average-sized briefcase she packs enough clothes for a fortnight's trip.

Life. In this country lightweight wools generally give the best value - they can be worn summer and winter, with linens, silks and wools.

When you start to plan what you are going to pack you should plan it around a couple of neutral colours to which you then add some basic colours that you like and enjoying wearing.

Want to pack for all occasions? First take three rolls...

be varied easily. Here are four suggested colour schemes:

Start with chocolate brown, tans and creams then add any of the following - geranium red, soft turquoise, coral pink, soft yellow.

Start with bronze, khaki and dark olive and add oyster, brick and rust red, amber yellow, kingfisher blues, chestnut.

To black, grey or white add scarlet, bright or royal blues, emerald green, purple.

To burgundy, soft blue-grey, soft white add Delit and

denim blues, rose inadder pink, hyacinth, jade greens.

For travelling you start by wearing a jacket, a blouse and a skirt, court shoes and by carrying a lightweight coat or mac.

The first roll consists of skirts, of which there are three. There is the skirt that makes up the suit with the jacket she is wearing, a more casual skirt (or a pair of trousers) in a lightweight wool or crepe or gabardine which can be worn with T-shirt or jumper for day and dressed up for evening.

The second roll consists of blouses of which she takes about five - they should be in a variety of colours, some day, some evening and one might very well be very dressy and could even be the other half of the chessey skirt, turning it into an evening dress.

are up and flat. Then roll to fit the briefcase.

The third roll contains a lightweight wool jacket cardigan; a T-shirt top which could be dressed up with jewellery for evening or could be suitable for day-time leisure wear; a camisole top and jacket; a bikini; a large metre-square scarf; some belts (invaluable for changing the look of an outfit). Lay them all one inside the other, fold to width of briefcase and roll.

Finally, the fourth roll contains a flat pair of shoes that will go with most things and inside these is quite a selection of jewellery - beads for day, glitz for evening.

Want to try it sometime? If you think it all sounds highly highly improbable (I, too, would have thought so if I hadn't seen it with my own eyes) take a look at the photograph of Carolyn Miller with her packed and open briefcase to prove it.

If you, too, would like to add a little of the Carolyn Miller organisational touch to your wardrobe contact her at Carolyn Miller Image Consultants and Colour Analysts, 4, Dudrich House, Princes Lane, London N10 3LU. Tel. 01-444-9621. There are various services available - a half-day introduction to style costs £45, a full day image day, £65, a men's image day full day course is £75 while a 3-hour make-up class is £20.



This week I have found somebody even more dispiriting for we have to go on looking immaculately groomed for the next four days. What's more, she then went on a three-week round-the-world trip with the very same small bag. Ah me!

A good capsule wardrobe should start with a suit. When you have found one you like, tried it on and looked at it from all angles, ask yourself if the jacket and the skirt each look good and work independently.

When you get the suit home hang the jacket with your other jackets and the skirt with the skirt, the blouse (if there is one) and you'll immediately find you have a lot more clothes to wear.

You should also bear in mind the material - before you buy anything you should consider how many months of the year you can wear it. Very heavy-weight tweeds or very light-weight fabrics, such as linens and chiffons, have a very limited

Blaze away this summer

PACKING light if you are a man looks an infinitely easier exercise than it is for women. Travel in a suit, take a selection of shirts and ties, and you can go most places - everywhere in fact except the very formal or the very casual.

If you want a versatile off-duty wardrobe the fashion team at Harrods showed readers at the FT centenary conference how to build it around The Blazer. A blazer is the kind of classic every man should own. Wear it with dark navy trousers, shirt and tie and you have quite a formal look that could certainly be worn to all except the most staid of business meetings; team it with grey flannels and shirt (either open or with a tie, depending upon the event) and you could go to Sunday lunch; put it with 501s to go to an afternoon sports event; wear it with light-coloured chinos and a polo shirt or, if you're really daring, wear it with shorts and a polo shirt.

First, however, choose your blazer. The classic blazer, which never dates, would be made from super 100 cloth (an arcane term relating to the

fitness of the cloth and denoting a very fine wool), should be double-breasted, have double vents at the back and sport anything from four to eight gilt regimental buttons on the front and four on each cuff. They come at all prices.

Marks and Spencer sells a pure wool, double-breasted, four-buttoned version (but with no vents) for just £80. Then Dior does one (sketched here) which is perhaps more of a fashion blazer (not everybody may wish to flaunt the Dior-initiated gilt buttons) and sells in Harrods at £165. Chester Barrie has a six-buttoned version that sells at £370 or, for the intangible Turnbull & Asser name, you would have to pay £475 for an eight-buttoned model or £415 for six buttons. Perfectionists might like to have one made to measure at somewhere like Gieves & Hawkes, 1 Savile Row, London W1, for anything from £885 to £700.

Here we show two of the looks you can achieve with the help of a blazer. This selection was chosen by Harrods.



Same blazer, different looks: casual (left) and businesslike



Drawings by Margaret Keedy

Key to a combination

IF YOU don't already own the kind of beautifully-planned and carefully colour-co-ordinated wardrobe of the kind that Carolyn Miller does, sketched here is a complete mini-wardrobe all worked out for you by the Harrods fashion team. Based on eight pieces, all in combinations of black and white, it offers an enormous variety of looks.

slightly knobby or very glamorous. Based around a black linen suit by Fred Sares - slim, short skirt (£70.50) and long-line jacket without revers (£185) - both pieces pass the Carolyn Miller test of looking good on their own.

The slim skirt could be worn with the Georges Rech white body suit (£57), a silky tie-fronted shirt for evening (£28), and the black and white spotted Fred Sares long jacket (£256) which also doubles as a dress.

The silky tie-fronted shirt also looks very glamorous when worn with the black and white spotted silk trousers by Savoir Faire (£35). Either of the jackets - the plain black linen or the black and white spotted long jacket - would look good with the

Unanym white pleated skirt (£87). There is also a black and white spotted Fred Sares cotton shirt which would work with both skirts and the trousers (£72). If you bought everything suggested the bill would be £796, which at first sight sounds a great deal, but using the Carolyn Miller method for costing garments by the number of times you wear them and not by the initial outlay, they could offer outstanding value for money.

The buying of indulgences

HURRAH, HURRAH, it's holiday time again so we're off to foreign parts to eat, drink, sleep - in short to indulge. Do you remember that little restaurant in Piamella, my dear? Il Molino, or some such, it stood in the bowl of hills by the river.

We started lunch with crostini - little rounds of bread, some spread with raw tomato purée spiced with olive oil, chopped capers and oregano, others with mayonnaise flecked with parsley, and a third with mashed chicken livers. The wine came in a bottle with no label on it. It was delicious.

When the proprietor arrived with the tagliatini - fatto a casa - with a sauce of artichokes and chillies - we asked him where it came from but he wouldn't tell us.

He was no more forthcoming when he arrived with polli alla diavola, roasting of lemon juice, olive oil and rosemary, with a side dish of cannellini beans in oil. He merely said that he had bought the whole of that particular year's supply.

Nor did he succumb when he brought the chocolate truffle ice-cream at the end, but did we care by then? I remember that my head hummed like a cricket.

I think that's one of the joys of eating and drinking, public or private, in Italy. There's no side to it, no pretence, or not very much. You get served with much the same food, in restaurants as you would in a home.

Food for Thought: Peter Fort salivates over the gastronomic treats on sale in Italian markets

Even such classics as the biscezza alla Fiorentina, a great slab of rib from Val di Chiana cattle, is something you could prepare on the barbecue in the rented villa.

It's just a matter of tracking down the supplier. So it's off to the market in the Piazza Mercato behind the handsome and splendid Palazzo Pubblico.

Here they are, the beady eyed old women, poking like truffle hounds around the piles of fragrant apricots and peaches and nectarines, artichokes, artichokes, artichokes, artichokes.

Now for fruit. Apricots certainly, a kilo of apricots, carefully selected. The peaches don't look too hot. It's a bit early and they probably travelled all the way from Calabria or even North Africa. Cherries, we must have cherries, blood red, piled high in a great gleaming knobby mound.

Of course we now have much more than we need, but excess is part of the holiday, isn't it? And it's all so healthy, just the sort of food Mother was always trying to get us to eat. (Still, it's as well to wash the fruit thoroughly before eating. Chemical sprays are as prevalent in Italy as they are in the UK.)

Anyway, there's an old man selling a different kind of cherry,



plum tomatoes for sauces. We dither between the great burished black artichokes, and the smaller, rounder marbled manure ones. A few of both. And a few tiny artichokes. And heavens knows where they come from, but we have to have half a kilo of funghi porcini. Perhaps the rather unseasonable rains have brought on an unexpected crop.

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• DIVERSIONS •

Durrell collection goes on sale at Sotheby's

Secrets of the men of letters

LIFE IS NOT easy for writers as they grow old. The inspiration does not flow so freely and the advances from publishers dwindle. Then is the time they cash in on their reputations by selling off the literary archive.

It does not always work. When John Braine wanted to raise the money to buy a retirement home through the auctioning of his diaries, there were no takers. Now, Lawrence Durrell is having a go on Thursday at Sotheby's when he offers a most comprehensive collection which is as strong on items about another *enfant terrible* of 20th century literature, Henry Miller, as it is on Durrell himself.

The two men were great friends and correspondents and the collection includes unpublished novels by both of them and one they worked on together, as well as inscribed copies of books and Durrell's working library of more than 1,000 volumes. Perhaps most intriguing is a series of more than 1,000 love letters that Miller wrote to Brenda Venus, a half-Navajo beauty with whom he spent 10 years at the end of his life — with photocopies going to Durrell for approval. This seems to be carrying friendship, and literary pretension, too far.

The archive carries a top estimate of £80,000 and no doubt some American library will be keen to snap it up.

The auction of English literature and history contains the usual ragbag of the bizarre rubbing shoulders with the mundane. Among the items is the death mask of the Duke of Wellington, cast by the sculptor and medallist George Gammon Adams three days after the duke's death in 1832.

The famous aquiline nose dominates, and the mask must be reckoned the most authentic representation of the Iron Duke. The artist used it as a model for a bust of Wellington, copies of which were ordered by Queen Victoria and other notables. The cast went to Adams' daughter, who died in 1884. It is estimated at up to £5,000.

There is considerable interest in Mahatma Gandhi, and in 1986 Sotheby's sold 275 of his letters to a European friend for £154,000. Now, it is offering more than 30 letters to another European disciple, and legal partner, Henry Polak. They span the years 1905 to 1941 and contain many politi-

cal and philosophical insights. A top estimate of £35,000 has been set.

The unpublished notebook of Captain Nolan, the man who carried the message from Lord Raglan which led to the Charge of the Light Brigade in the Crimea, is a rare find. Nolan was one of the first men to be killed in the charge.

His role in the misreading of the orders has been the cause of much speculation. His journal underscores the point that he wanted a much more aggressive role for the cavalry, and he might well have interpreted the message to this effect. A price of up to £15,000 is anticipated.

A dive into the catalogue uncovers many intriguing items. There is Dickens' picnic spoon and fork, including corkscrew (estimate up to £500); Marilyn Monroe's telephone messages, pharmacy bills and other detritus from a stay at the Beverly Hills Hotel in the spring of 1961 (top estimate £1,500); a signed portrait of Rudolph Valentino (£500); and Somerset Maugham's malacca cane (£300).

Of more solid worth is the receipt from Charles Darwin to his publisher for payment for *The Descent of Man*. His fee for the first edition was £500; the receipt is estimated now at up to £2,000.

A letter from Byron to his mother could go for £3,000; a letter from King James II to Samuel Pepys is forecast at up to £5,000; and so it goes on and on.

This is a market for the enthusiast, for the collector who has attached his fancy to some great, or infamous, figure of the past. But there also can be financial gain.

The director of the department, Roy Davis, points to a letter by George Eliot that sold for £330 in 1975 and made £2,640 two years ago; and two letters by Robert Louis Stevenson which appreciated in 11 years from £352 and £330 respectively to £1,430 and £1,320.

Much depends, though, upon who is in the saleroom on the day and the appeal of the literary or historical figure. They can go in and out of fashion like pop stars. Except, of course, for Winston Churchill. He is always in demand, and a collection of first editions of his works, plus books about him, carries a top estimate of £12,000.

Antony Thorncroft

Miami Vice becomes Miami nice as Tinseltown's moguls desert California. Nigel Andrews reports

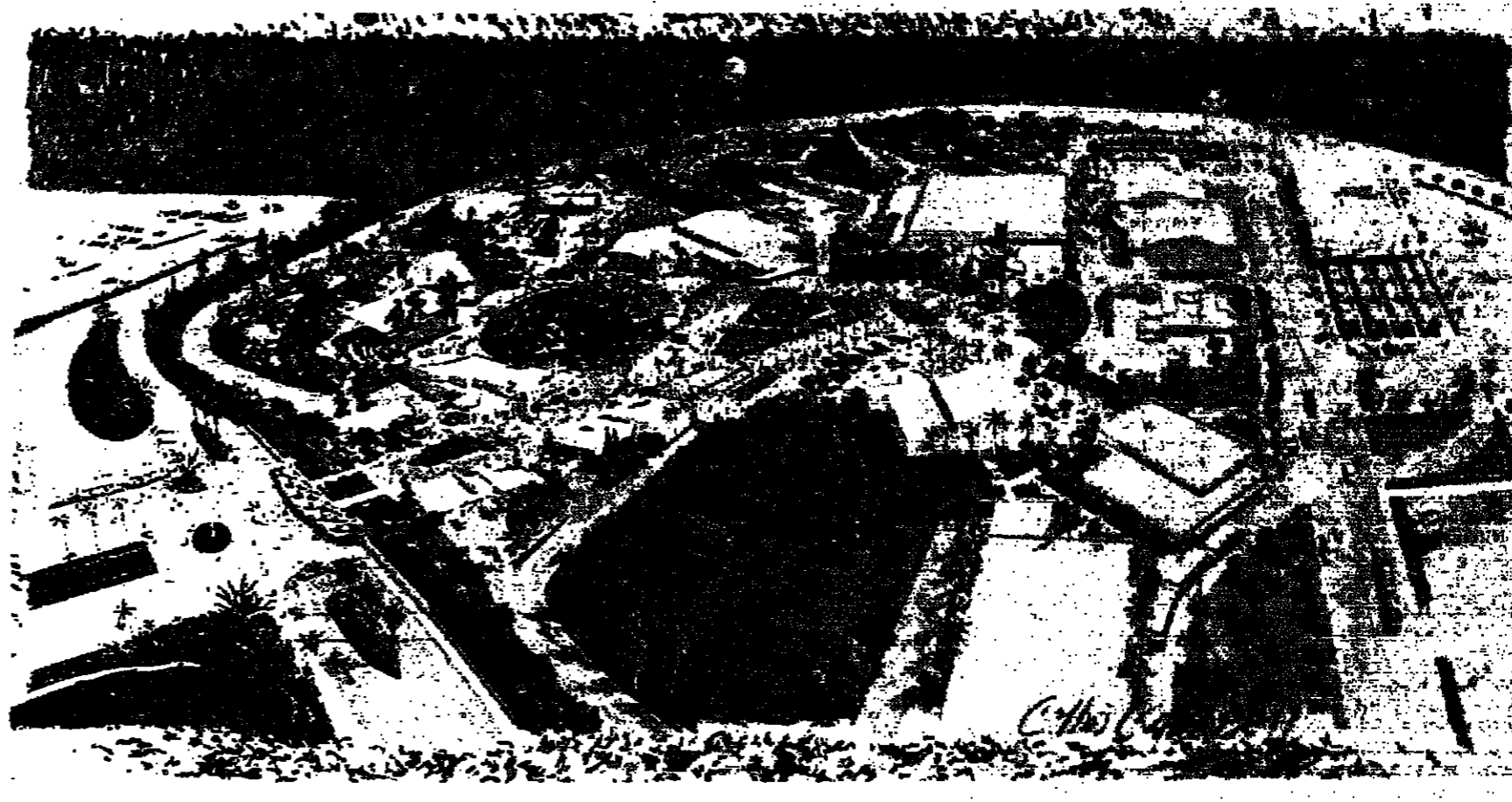
Florida's sun rises over Hollywood East

FOR MOST of this century, the possibility of the world's film capital ever leaving Hollywood, California, has seemed as remote as that of Mount Everest leaving Nepal. Even though many filmmakers today insist that Hollywood is a state of mind rather than a place — that most movies are actually made outside it — the unshakable fact is that the little suburb of Los Angeles houses most of the major film studios, and the rest of Los Angeles houses the rest.

Is all this about to change? Florida recently saw the opening of a studio complex built by Disney in the heart of the 28,000-acre site near Orlando which houses the Disneyworld theme parks. Universal Pictures is opening its own studios 15 miles away which, like the Disney complex, will feature a special tour for visitors. And there have been rumours that Paramount also plans a Florida outpost.

To these developments can be added the frenzy of film and TV work now happening in Miami. Media-glamorised as a city of designer crime (see *Scarface* and *Miami Vice*), Florida's metropolis is spawning a brood of mini-studios. It has its own Film and TV Commission, and it is the western world's No 1 hot spot for commercial filming and photography, thanks to all those flamingoes, pastel-washed skyscrapers and Art Deco sunrises over Miami Beach.

If you throw all the facts about Florida into a hat, it seems startling that the state has not taken off as a movie heartland before. It almost did back in pre-Hollywood times. Around 1908 a small army of film-makers, including the pioneer of location-shooting, Sidney Olcott, descended from New Jersey to Jacksonville to set up business. But conservative Florida had no wish to play host to a bunch of camera-whirring gypsies (some of them also fugitives from justice, escaping the northern patent laws), and set about making life uncomfortable. By 1912, Hollywood had become Hollywood and Jacksonville had returned to being — Jacksonville.



the Miami Film and TV Commission. Grey-haired but swashbuckling, Renick led the fight to get the Al Pacino film *Scarface* made in Miami seven years ago: the first major movie to exploit the city's underworld charisma.

'In five to eight years, I believe there will be two major film-making areas — Hollywood and Orlando'

The production met heavy resistance from the then city commissioner, who feared a slur on the city's image in general and its Hispanic population in particular. Since *Scarface*, Renick has overseen the *Miami Vice* series, which has portrayed the city as the most rumbustious haven of iniquity since Rome during the Borgias. Far from repelling visitors and Miami-lovers, though, the weekly *Crockett and Tubbs* show has coincided with, and probably fuelled, a

huge boom in tourism and an equal boom in movie production.

Renick is frank about Florida's ranking as a film state. Spending \$200m a year on movie-making, it is a low third behind California (\$6b) and New York (\$2.5b). But it is creeping up, not least as a shot-in-the-arm location for sequel movies. *Spinal 2* and *Police Academy 5* both rolled in Florida during 1987-88, and *Cocoon 2* a spin-off from the smash-hit sci-fi fantasy about a group of oldies scooped up by a spaceship, was filming during my visit.

Renick took me to the bosky heart of a Jewish cemetery in a Miami suburb where director Daniel Petrie was shooting a scene with veterans Jack Gledhill and Gwen Verdon. "I've made a lot of films for Hollywood studios," he told me, "but I've scarcely ever made a film in Hollywood. And that goes for a lot of directors I know: people like Martin Ritt, Franklin Schaffner, Sidney Lumet. You make movies where the location fits."

"The disadvantage is that if you make a film in Cleveland, or Pittsburgh, you have to bring the whole crew over from Hollywood. But Florida has a core of

craftsmen and technicians already here: 80 per cent of our crew on *Cocoon 2* is local. That guy there — Petrie points to a man wrestling a giant reflector sheet into place — worked with Elia Kazan in New York on movies like *On The Waterfront* and *A Streetcar Named Desire*. Now he's come down to Florida for the sun. And there are lots more like him."

To show that Miami was not entirely turned over to sun-seeking sequels sired by Hollywood, Renick sped me off to the city's own newest studio complex, Linelight Studios in West Miami, founded three years ago by real-estate millionaire Frank Tolin, has already hosted half-a-dozen feature productions including *Making Mr Right* and Disney's *Flight Of The Navigator*.

It has four medium-large sound stages. But the main attraction is its sound and visual technology. American cinema's latest glory, Special FX business, *The Untouchables* was shot here; so was Don ("Miami Vice") Johnson's hour-long rock video, *Heartbeat*. The studio has \$23m-worth of hi-tech equipment.

None of the developments in Miami alone, though, would do much to shift the ground in the

American film-making scene. Hollywood would still be unassailable were it not that further north in Florida, Tinseltown itself is starting to plant startling footprints. These are the new Universal and Disney-MGM studios, the latter built by and for

'Florida is going to get a lot of the runaway production that has been going to Canada recently'

Disney but incorporating MGM's name because of a contract to use scenes and characters from the MGM film library in the new studio tour. They represent the first-ever major collaboration between Hollywood and Florida.

Flanking the three-lane lead-road to Disneyworld's Magic Kingdom theme park, stands a 130m water tower topped with a pair of giant movie ears, each weighing 5,000lbs. This monument, nicknamed by Disney employees the "Earfil Tower", marks the site of the new studio complex, covering 100 acres and costing \$400m.

When I was shown round, the place looked like something from the pyramid-building scenes in *The Ten Commandments*. Near the completed sound stages, under a broiling Florida sun, an army of bronzed workers sweated to raise the giant metal skeleton which will form the framework for Disney's special stunt-show stadium, "Catastrophe Canyon".

Taking charge of the studios will be Robert M. Allen who has been with Disney for 12 years, most recently as manager of media productions at Disneyworld. "People are starting to talk about Hollywood East," says Allen. "But I think that's some way down the line. We'd settle for Toronto South at present; Flo-

rida is going to get a lot of the runaway production that's been going to Canada recently. The weather's better and Florida also has unique advantages that Hollywood doesn't."

Florida's reputation for conservatism and ultra-conservative politics, bible-belt religion and retirement-home demography — "Florida's probably more liberal than most southern states," he says. "Ever since the state began to switch from an agricultural economy to one based on tourism and services, you've had an influx of new people, polyglot people, and towns like Orlando have become much more liberalised."

"If you want me to tell you where I think Florida will be in the film world of the future, I think Hollywood will stay at the top for at least 20 years. Before that, we may overtake New York as the second centre."

Also limbering up for the race is Universal Pictures. Like Disney, Universal's new 600-acre site will comprise a fully operational TV and movie-making facility with a special studio tour, based on its own pioneering tour in L.A. In charge of production will be vice-president and studio manager Norman Rice, who has been involved with the project since its inception. He has no doubt about the reasons for the California exodus. "The whole climate is different here," he says. "Not just the weather but the bureaucratic climate, too. In California, you need a new permit for every new location you shoot in."

And Florida's long-term future as a film centre? "In five to eight years, I believe there will be two major film-making areas in this country," Hollywood and Orlando, says Rice. The only person who disagrees with this is Senator Dick Tenick. He thinks it will be Hollywood, Orlando and Miami "because all you have to do is take a look. Miami itself is a film set — the best one in the world."

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CHRISTIE'S WINE DEPARTMENT

Everything you wanted to know

AS WITH HIS other writings, Robert Parker's *The Wines of the Rhone Valley and Provence* (Dorling Kindersley, 456pp, £14.95) is a tour de force. The most comprehensive work on the region yet published, it appears when the finer Rhones are in increasing demand, partly because their quality has improved and partly because they are priced moderately and provide some alternative to the expensive Côte d'Ors, particularly the reds.

Moreover, as most of us are less likely to be familiar with estate and grower names than we may be with those of Burgundy or Bordeaux, it is invaluable to have such comprehensive coverage as here. For each district there is an introduction and a map showing the leading villages, followed by detailed vintage notes. Then there is Parker's starred rating of the various estates and merchants, with appreciations of their wines listed alphabetically. For example, full reports on 46 Châteauneufs and short notes on 17 more, plus full evaluations of 16 producers of Hermitage.

As Nicholas Faith observes at the start of *The Story of Champagne* (Hamish Hamilton, 246 pp, £17.95) this is "a serious drink which is usually consumed carelessly." Yet, for most of us, this very complicated wine probably is the most expensive we ever buy, so it is worth knowing something about its interesting historical past, its changing present, and how it is made and should then be drunk. To provide this, Faith has delved into the literature and archives and talked with many people in the champagne world.

Champagne, more or less as we know it today, was not made until the second half of the last century when the British were the principal consumers of what was, until 1914, essentially an export product. The total of 10.75m bottles imported by the UK in 1896 was not surpassed until 1984!

Most of the book is a history of champagne, which Faith recounts vigorously and enter-

Wine writer Edmund Penning-Rowell casts an eye over the latest books on the subject and finds plenty to his taste



prisingly. His account of the celebrated "vignerons' revolt" in 1911, caused largely by the import of cheap still wines from other regions, is the romantic story of the Maitly co-operative, formed by returned poilus in their struggle to sell their grapes to a depressed trade.

Faith describes well, and by no means uncritically, the extraordinary developments of the past 20 years, including sales more than doubled to last year's 218m bottles, the trend towards larger groupings, and the influx of outside capital. A vital factor (of which not much is made) in the domestic market today is the importance of the *marchands-recolants*, the growers who market their own champagne and who account for nearly half its sales.

Faith suggests they largely will disappear, but this is unlikely for they total nearly a third of the 17,000 growers, their numbers still are increasing, and the French love a *petit fournisseur* from whom they can buy champagne direct at less than half the price of the *grandes marques*.

The entry of Spain into the European Community — where it has the largest vineyard area and the third-biggest production — has altered the perspective of its wines. Now, it has a serious wine law and, already, 30 denominations of origin.

Apart from Rioja, which has achieved a spectacular success, and isolated pockets of excellence such as the Torres wines of Catalonia, it has been largely a peasant industry dominated by the co-operatives without which there hardly would be any wine industry at all in the huge areas of La Mancha and Valdepenas. But La Mancha whites are becoming fresher and the Tarragona reds lighter, and Tony Lord's *The New Wines of Spain* (Christopher Helm, 148pp, £12.95) provides a timely, comprehensive account of the wines in nine

extended meals that only the French can lay on.

■ *Jancis Robinson on the Demon Drink* (Mitchell Beazley, 208 pp, £9.95) appears at a good time, for there have been exaggerations on both sides of the argument about the effects of alcohol. Hitherto, the wine trade on both sides of the Atlantic has been defensive — and ineffectual.

Most of us want to know what is "safe" and she provides an answer. A unit of alcohol, measured scientifically, is half a pint of beer, a ninth of a bottle of 12-degree table wine, a 15th of a bottle of fortified wine, and just under an English pub measure of spirits. The medicals recommend no more than 21 units a week for a man (2½ bottles of table wine) and 14 for women (1½ bottles). The top, hazardous limit is 50 units and 34 units respectively.

This is by no means a doom-laden book and Robinson takes an objective, closely-researched, factual line. There are positive aspects of wine drinking: moderate drinkers have fewer heart attacks, it is relaxing, has good social effects, is a sedative rather than a stimulant, and one eminent doctor believes it better than the regular use of sleeping pills or tranquilisers.

It is perhaps encouraging (if not to the trade) that alcoholic consumption in the UK is thought to have peaked. Nevertheless, in 1986 spent more on drink than on clothes or on running cars and more than half their outlay on food.

Apart from a mass of facts and figures, there are chapters on drinking throughout the ages and how drinking is viewed and practised in various countries (sinful in the north, carefree in the south). Incidentally, Robinson attempts to scotch a probably common view that we scribbles about wine "have a lovely time" with free access to so many alcoholic drinks.

As someone who regularly has to taste more than 30 different wines a day and write about them afterwards, I can't wait for an anti-intoxicant to come on the market. In my experience, the alcoholic content of wine is one of its few inconveniences as a subject for study.

This is a fascinating, if formidable, work and it is praiseworthy that so prominent a wine writer should have taken time off to discuss in depth what might be summarised as the alcohol problem.

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July 16 1988

ARTS

Antony Thorncroft reviews Michael Jackson at Wembley

Hands off perfection

WELL, IS he worth the destruction of a million trees, Whacko Jacko, who has consumed more newspaper in recent weeks than all the fish and chip shops of Liverpool? It was a question of "see Michael Jackson and die" you might well expire with an ill temper, but I still doubt whether a more spectacular live entertainment will ever be mounted this side of Ken Russell's imagination.

Of course with his money, and obsession with theatrical perfection, an extraordinary occasion is almost guaranteed. A cold night did not help, neither did the enormities of Wembley Stadium, which reduced Jackson to a dancing ant. This was particularly unfortunate since Jackson has virtually invented the posturing that passes for modern macho disco dancing and is forced to watch his back slides and pirouettes on the giant screen came near to de-humanising the whole show.



Whacko Jacko in action last Thursday.

dozen lights, or hidden under a monster's head (for "Thriller" - not a patch on the video); or disappearing into flashes and bangs. And all the time there was the music. If you think that Jackson sings like a demented chipmunk the voice is an irritating accessory to some of the best dance songs of our generation. Actually if you take in the lyrics the songs are amazingly punchy, not least "Billie Jean," performed in a rare minimalist moment. But the Jackson falsetto is at one with the unruly of it all. It is the

same with the movements: they are undoubtedly nifty but they, too, look as if he is being worked on strings.

long instrumental that serves as an interval to be as turgid and processed as last week's cheese slice. He keeps his communication to the facile: clichés like "flow you down" a final "I love you London," but as the most rapturous crowd seen at Wembley since England won the World Cup flutters back to reality, and Jackson retires to his space ship, there is no begrudging a tribute for a totally compelling, totally wholehearted, totally entertaining, totally contrived, experience.

Max Loppert reviews the revival of Boris Godunov

Tribute to Tarkovsky

THE ROYAL Opera Boris Godunov revival is dedicated to the memory of the great Russian film-maker Andrei Tarkovsky, who died last year and whose sole operatic venture this was. There is a touching reminiscence of the man and the Covent Garden collaboration in the programme from Claudio Abbado, first conductor of this Boris.

The performance itself, however, lets the devotion - and the production - down with a thud: it is for much of its four hours' duration a limp, straggly affair, a waxy, wet-blanket tribute, and the whole dedicatory gesture proves sadly hollow. More than ever it seems to me that any performance of Boris in either of Mussorgsky's original versions has of necessity to blaze with Berlioz conviction and commitment, to be mounted with "festival" care and precision. An end-of-season revival with a tired-sounding orchestra and an embarrassingly ill-prepared chorus must always fall flat. Easter, indeed than a similarly half-cooked rendition of another opera more richly worked: in Mussorgsky's bare scoring and exposed dramatic canvas there is simply no place to hide.

James Conlon, who comes to this work after similarly tedious Covent Garden accounts of Die Zauberflöte and Bocca d'oro, is an earnest, hard-working musician, and no doubt cares passionately about the work, but the impression left by his conducting was of a pygmy gaze at a great mountain landscape. The Tarkovsky production (rehearsed, after a fashion, by Ima Brown and Stephen Lawless) gives glimpses of its original dark, atmospherically charged eloquence - in a way, these made Thursday's reading the more frustrating, for the hole between what was (in 1983, under an inspired Abbado) and what is yawns wide, and the opera tumbles into it.



Gwynne Howell, top, and Vladimir Popov

Radio

Philosophical patter

IT WAS good to hear James Saunders's faithful adaptation of Peacock's *Headlong Hall* (Radio 4, Monday), but I was glad to have the book by me. The quasi-intellectual talk that Peacock gives his characters isn't always easy to follow, even when Michael Hordern gives a commentary (and speaks the footnotes). The Greek phrases were fearfully confronted (though for my part they were Greek to me); the Latin was given its correct pronunciation; but words like oestrachasmatsplanchnochondro-neuroumelous do not fall conversationally through the microphone.

The three philosophers at the centre of the party, Escot, Jenkinson and Foster (based on Shelley, Hog and Peacock himself), were amusingly played by Daniel Massey, John Grillo and Ronald Lacey, save when they seemed to be addressing a larger gathering than Squire Headlong's household. Though the story ends with a quadruple wedding, the girls were allowed little function, apart from Cephalis (Polly James) who sang to the harp. The director was Matthew Walters.

A weakness, I know, but I do not always enjoy hearing modern poets read their own works. The joy, as I see it, is mainly for them. But duty led me to *Poetry Now* (Radio 3, Monday) - that, and the remembered pleasure I had had from *A Classical Tone*, a recital the previous Thursday of another kind of poetry. That was a selection by Patric Dickinson of 18th and early 19th poems, read here just as it should. The adaptation is by Richard Usturne, our best Wodehouse scholar. He has included plenty of narrative, which is where lots of Wodehouse's best jokes lie. Martin Fisher directs.

B.A. Young

CHESS NO. 731
1 Q-B6, If 1... P-R7; 2 Q-R4, when If P-Q; 3 Q-Q4, or P-N; 3 B-R2, or K-R1; 3 QxP, If 1... K-R8; 2 RxdN ch, P-Q; 3 Q-B3.

Michael Coveney reports on Liverpool's new image

Mirth on the Mersey

YOU MAY have been reading about Michael Jackson all week, but I have been wallowing in the real rock and roll of Gene Vincent and Eddie Cochran. Not only that, but last Sunday I saw Gerry and the Pacemakers in the Philharmonic Hall, Liverpool. Don't ask me about *Friday on My Mind*. They sound to me like something best confined to a photographer's dark room.

his new young colleagues, who resembled a rather aggressive trio of male models clothed by Hepworths or Cecil Gee. They say you have to be a comedian to live in Liverpool, and the city is embarking on an interesting campaign of both having and eating its cultural cake. Its most endearing characteristic is a flatly intoned suspicion of any "quality of life" improvement. The Beatles were the prime example of Liverpool's cavalier antagonism to artiness through the rough expression of sheer talent. Now they want to sell the place to tourists all over again.

1984 and the renovation of the Albert Dock area culminating in the opening this May of James Strirling's new Tate of the North. There is a new Merseyside Tourism Board, formed after the abolition of the county council, which has a budget just doubled to £700,000. It launches a new "arts and entertainment" package in September designed to improve the figure of 2m overnight visitors a year as compared with the annual 17m day-trippers. A weekend or mid-week break including hotel, theatre ticket, interval drink, and free passes to such unmissable treasures as the Maritime Museum and the Elmsmere Fort boat emporium, will cost a mere £24 a night, though strict clear of the Adelphi since service at this once mighty address is currently hitting an all time low.

drink to a delightful local comic, Mickey Finn, who wore his jacket back off his shoulders at the gala and lamented the replacement of the old dance halls with "fun pads full of mirrors stand on your own, and the place is packed." If coming up to date is what Faith Brown is doing in her ghostly, glibly "Vegas-style" act, then we're all better off staying down and out with Mickey Finn, and the Philharmonic audience knew it.

and Peel. Finn's particular brand of the English pastoral has a curious appeal, quite distinct from the more familiar versions. The magically inward settings of Traherne in *Dies Natalis*, for instance, seem to conjure a rapt, slightly precarious intensity that cannot be found in even the best of Vaughan Williams, and even a more conventional conception like the Clarinet Concerto has its own distinct flavour. The cantata must be difficult to sustain with the necessary unworried buoyancy. Martyn Hill has the right kind of light tender sound, and treats the vocal lines with enormous care. In the concerto, Michael Collins is a predictably fluent and searching soloist.

Records

British Virgin classics

BRITISH: Paul Bunyan. Plymouth Music Series, Minnesota/Philip Brunelle. Virgin Classics VCD 7 90710-2 (two CDs).
Tippett: Concerto for double string orchestra, Fantasia Concertante, Songs for Dov. Robson. Scottish Chamber Orchestra/Tippett. Virgin Classics VC 7 90701-2.
Finzi: Dies Natalis, Farewell to Arms, Clarinet Concerto. Hill, Collins. City of London Sinfonia/Hickox. Virgin Classics 7 90718-2.
Bridge: Oration, Enter Spring, Beilise. Cologne Radio Symphony/Carewe. Pearl CD 9601.

etta - elicited from Britten a marvellously protean, unfailingly acute response. There are inventions here that crisply recall moments in *Grimes* and other works from the later 1940s, especially, perhaps surprisingly, the *Young Person's Guide*, but also many other things that would simply be suppressed from the composer's vocabulary on his return to England, and whole tranches of expressive territory that would be allowed to waste away.

both through the simple freshness of its invention, and the ever-present tendency of the music to trespass upon expressive territory quite beyond its expected dramatic range.

ish music. Its first batches releases also include important recordings of Tippett and Finzi. The Tippett is particularly special: one hesitates to describe any performance of works so firmly entrenched in the repertoire as his Double Concerto or Corelli Fantasy as definitive but these, with the Scottish Chamber Orchestra on excellent form under the composer's own direction, have a real sense of occasion. The revelation of the disc, however, is the performance by Nigel Robson of *Songs for Dov*, which one might have expected to have dated even more embarrassingly than the opera from which it is derived, *The Knot Garden*. Yet Robson's performance, intelligent, never hysterical, seems altogether more musical than any one has heard before and consequently increases the specific gravity of the work to a significant degree.

The Finzi collection combines his two most familiar works - the cantata *Dies Natalis* and the Clarinet Concerto - with another, slighter work for tenor and strings, *Farewell to Arms*, that sets 17th-century texts by Knevet

Andrew Clements

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Sponsored by The Royal Opera House, Trust Ltd
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Royal Opera House

WEEKEND FT

SPORT

Golf: the Open championship/Ben Wright

A crying need to respect tradition

'Royal Lytham's eighth Open will be its last unless the Royal & Ancient upgrades'

THE ROYAL AND ANCIENT Golf Club of St Andrew's has become the victim of its own success...

Royal Liverpool Golf Club at Hoylake, Cheshire, became the first to fall by the wayside...

In short, Royal Lytham's eighth Open, the 17th in all, will almost certainly be its last unless the Royal & Ancient decides to upgrade its pride and joy...



Well, I'd play it this way... Spain's Severiano Ballesteros talks tactics with his new caddy Ian Wright

Alas, a return to the scene of Max Faulkner's Open triumph at Royal Portrush in 1951 is probably an impossible dream in the light of Ulster's political situation...

British golf tournaments and who now abound at the Open, not even a very inflated ticket price would deter the increasingly rowdy hooligan element...

coverage that limited Open ticket sales are much more feasible in Britain than in the US, where hours of Open coverage are limited by the demand from custom-

er's attention span has become strictly limited - which is no help to golf. Having said all this, in what is intended to be a spirit of constructive criticism, I have to admit that the Open championship is easily the best international golf show on earth...

'The Open is easily the best international golf show on earth. It's the word "show" that bothers me...'

from elbowing its way through the turnstiles. BBC Television puts out so many hours of comprehensive

ers of the network for commercial air time and there are so many channels offering alternative programming that the pub-

field, and two more south of it at Royal Birkdale and Royal St George's. But much is the success of the Open that I would demand that all four get together with their local authorities to ensure that roads were built to stop the infernal traffic jams that plague the event year after year...

Thursday dawned at Royal Lytham as grey and cold and windy as Wednesday, which had rattled windows noisily throughout the neighbourhood all night long - a sort of death rattle to young golfers wrestling sleeplessly with tortured nerves.

Thankfully, for all concerned, there was very little rain throughout a long day, although the wind blew relentlessly and frigidly out of the west to give no-one an advantage - a very rare occurrence. How often have we seen the players in the morning tortured and those playing in the afternoon enjoying benign sunshine, or vice-versa.

We all know that the championship starts, to all intents and purposes, at the 17th hole of the final round tomorrow afternoon. But the mercurial Spaniard, Seve Ballesteros, stole a march on the field as most of us were contemplating breakfast on Thursday by reaching the turn in his first round in 30 shots, five-under par.

Soccer/ Michael Thompson-Noel

The revolution is coming

'How swiftly the sins of the League have been buried by an avalanche of abuse'

IF I had a pound for every half-baked objection, every momentary whimper, that has been heaped this week on a revolution which has been buried by an avalanche of abuse...

The trouble, I suppose, is that a really big story should not be left to specialists - in this instance, that mournful branch of the sportswriting trade whose addition is to monitor developments in English League soccer.

They have been helped in their pondering by the offer of a great deal of money from ITV, which is merely reacting to the prospect of broadcasting degradation and is opposed by a rival line-up of the BBC and British Satellite Broadcasting (BSB).

the current BBC-TV monopoly of ITV broadcasting, plus the dawn of European (and then global) satellite networks, is going to cause upheaval in the sports world. This will affect all sports - not just soccer - and within a few years will have great effect on massive sections of all sorts of sports.

Against this background, it would be surprising if the Big Ten English soccer clubs - Liverpool, Everton, Manchester United, Tottenham, Arsenal, West Ham, Nottingham Forest, Aston Villa, Sheffield Wednesday and Newcastle (plus, possibly, Derby and Southampton) - were not trying with all their might to throw up a Superleague as an escape, at a bound, the crippling inertia of the latter-day Football League.

Perhaps it won't fail. Perhaps the cunning negotiations will produce an elite division of the richest and best clubs operating within the structure of a revamped Football League, whose customary year would thus achieve lustre and notability.

But what furious accusations the rebels have attracted. How swiftly the sins of the League have been buried by an avalanche of abuse directed not against the League but against two sub-divisions of the entertainment business: ITV and the conventional market forces, albeit without much sensitivity or use of the black arts of PR.

Has everyone forgotten that English League soccer is supposed to be a disgrace - reactionary, unwieldy, unimaginative, severely under-capitalised, unable to stomach the loss of top playing talent to Italy and elsewhere in the galaxy of European football? It is a wonder that English soccer fans, as a species, are not extinct?

A League official once told me that "mathematically, we can show that the ideal number of English League clubs is one." He was joking. But he agreed that a figure of 92 was just as rich a joke. We will see a Superleague whatever it is called. These are revolutionary days.

FT CROSSWORD No.6,683

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 27, marked Crossword 6,683 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday July 30.

Crossword puzzle grid with numbers 1-28 and letters A-Z. Includes clues for Across and Down.

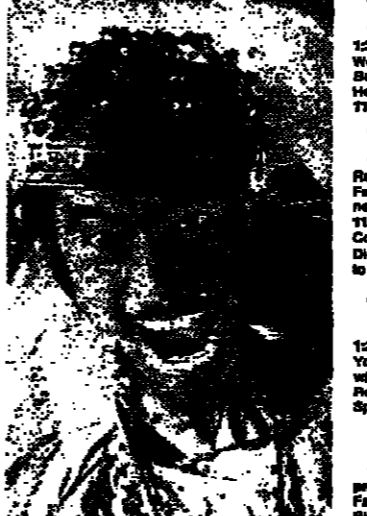
Answers to the crossword puzzle. Includes words like 'Helper in cellar', 'Something for watering with alcohol', 'Change in church', etc.

SATURDAY TELEVISION AND RADIO

Television and radio schedule for Saturday. Lists programs for BBC1, BBC2, Channel 4, Central, Yorkshire, and Radio stations.

SUNDAY

Television and radio schedule for Sunday. Lists programs for BBC1, BBC2, Channel 4, Central, Yorkshire, and Radio stations.



Toshiro Mifune stars in Seven Samurai, C4, 10.30pm, Sun

Handwritten signature or text at the bottom of the page.